

NEWS: EUROPE

Berlusconi warns of pensions sacrifices

By Andrew Hill in Milan

All Italians will have to make sacrifices if Italy's state pension system is to avoid bankruptcy, Mr Silvio Berlusconi, the prime minister, warned yesterday.

Italian trade unions have been threatening a "hot autumn" of strikes and protests against pensions reform, the central plank of a 1995 budget which must raise or save at least L45,000bn (£18.5bn) to bring down the deficit.

Mr Berlusconi, who yesterday chaired the first cabinet meeting since the summer holiday, told journalists the government would seek a dialogue with the unions.

"Unfortunately [the measures] will be unpopular," he

said, but as things stand at the moment, there is no alternative to a change in the pensions system.

He added: "Accumulated [pensions] rights will not be touched, but we have to restructure this area to avoid the state going

bankrupt and not being able to pay pensions."

Having weathered a political storm before the holidays, Mr Berlusconi clearly intended yesterday's press conference in Rome to dispel any lingering doubts, in political or financial circles, about the coalition's

coherence and its determination to take decisive action during the autumn.

The 1995 budget was not on the formal agenda of yesterday's cabinet meeting. But the prime minister promised that a detailed budget plan would be presented to the Italian parliament

well before the deadline of September 30, and that "for the first time, it will meet requirements not by increasing taxes but by reducing public spending".

Mr Berlusconi was also obliged to declare his personal confidence in the governor of

the Bank of Italy, Mr Antonio Fazio, following a series of attacks on the central bank by members of the National Alliance, the far-right partner in the ruling coalition.

He said he could not understand how anyone could doubt the government's willingness to respect the bank's independence, and dismissed the comments of National Alliance politicians as "personal opinions".

Mr Berlusconi also urged the media to concentrate on "concrete facts instead of idle chatter".

To underpin his message, the prime minister cited an opinion poll, to be published at the weekend, which indicates that support for the ruling coalition has increased from 48.4 per cent at the height of pre-crisis, to 53.8 per cent.

Danish pledge to stay on economic path

By Hilary Barnes in Copenhagen

Denmark's finance minister vowed yesterday he would not let left-wing pressure push his economic policy off course.

The Danes face a parliamentary election in autumn and opinion polls suggest the present four-party centre-left coalition may be returned as a minority administration dependent on the support of the left-wing Socialist People's Party (SPP).

"The SPP will not be allowed to lift the level of government expenditure," the finance minister, Mr Mogens Lyketoft, told the Financial Times.

He expected, however, that his party would be able to agree policy with the SPP on other fronts, such as the environment, education and social welfare.

The four-party coalition, dominated by the Social Democratic Party, will face the autumn election to the Folketing on a date yet to be announced.

The minister's pledge is intended to help persuade the financial markets that Denmark's economic policy, which aims to keep inflation low and to eliminate the budget deficit by 1997, will not be changed.

This week he brought forward publication of the 1995 draft budget by a week for the same reason.

"One could fear that the markets were uncertain whether we would stick to the fiscal policy which we laid down last year," he said.

The markets showed no noticeable reaction to the draft budget, leaving the gap between yields on Danish and German benchmark government bonds unchanged at about 1.7 per cent.

"We could not really expect to affect the markets," said Mr Lyketoft.

"Our policy was known, and we have not changed it, but we have proved that we are holding our course."

The draft budget, according to the government, involves a real decline in expenditure of DKR8bn (£635m) on a budget balancing at DKR392bn (£41.5bn).

The budget deficit will fall by only DKR2bn to DKR4.3bn, or 4.8 per cent of gross domestic product, from 1994 to 1995, despite a strong economic recovery.

But Mr Lyketoft said the real improvement in the deficit was about DKR12bn.

The revenue benefited from extraordinary income to the tune of DKR10bn in 1994, which disguised the true improvement in the budget between 1994 and 1995, he said.

On present trends, Mr Lyketoft said he expected the budget deficit to be eliminated in 1997.

Bosnian Serbs rail against partition proposal

Laura Silber finds little enthusiasm for the plan to hand back a third of the territory they now hold

We would rather all die than accept this plan, said Mr Bozo Popovic as he prepared to vote in this weekend's referendum on an international proposal to end the war in Bosnia.

"There is no world power that can force us to support the [partition] maps," continued the elderly Bosnian Serb peasant from where he sat in the battered town hall of Trnovo, south-east of Sarajevo. "This is our historic land."

Mr Popovic's remarks reflect the general defiance of the Bosnian Serbs, and an overwhelming No is expected in the poll today and tomorrow throughout the self-proclaimed Bosnian Serb state, despite pressure from the international community and Serbia proper.

Their leaders have already rejected the plan, which calls for Serbs to hand over a third of the 70 per cent of Bosnia they currently control. Put forward by the US, Russia, Germany, France and the UK, it divides the war-torn country roughly in half between the Bosnian Serbs and the new Muslim-Croat federation.

Bosnian Serb leaders have been resisting pressure from President Slobodan Milosevic of Serbia to back the plan amid threats from the international



German foreign minister Klaus Kinkel (left) with Croatian counterpart Mate Granic shortly after Mr Kinkel's arrival yesterday for talks with Croatian president Franjo Tudjman.

community to tighten sanctions against Belgrade and lift the arms embargo against the mostly-Muslim Bosnian army.

Furious with Bosnian Serb intransigence, the rump Yugoslavia (comprising Serbia and Montenegro) imposed trade sanctions earlier this month against the self-styled Serb state, stopping delivery of strategic supplies - including oil - and severing telephone lines.

Mr Dragomir Gagovic, a local boss in Trnovo of the ruling Serbian Democratic Party, suggested that the embargo was being circumvented.

"Just yesterday 10 fuel tank-

ers passed through Trnovo," he claimed, and doubted that the measures amounted to little more than a ploy to hoodwink the international community.

A town of 7,000 inhabitants before the war, Trnovo changed hands from Serbs to Muslims and back to Serbs over the past 38 months.

"All but three of 63 surrounding hamlets were completely demolished," said Mr Savo Popovic, the burly party boss of the town and Bozo Popovic's nephew.

Despite its dilapidated state, Trnovo remains of crucial strategic importance for both the

Serbs and the Muslims. It lies on the road joining Serb-held lands in eastern Bosnia with the southern part of their crescent-shaped statelet.

On the other hand, the Muslims fought a bitter battle for Trnovo, where they once comprised a 99 per cent majority, in a bid to secure a road-link between Sarajevo and the Muslim enclaves in eastern Bosnia.

Trnovo is part of the Sarajevo region and the plan places it under UN administration for an interim period of two years. To the Serbs - there are no Muslims left - this means more war. "The maps create

islands adrift in a sea of Muslim enemies," said Mr Savo Popovic.

His leaders cite the status of Trnovo as one of the key reasons for rejecting the maps, which they argue obliterate land links between Serb-held regions and force them to hand over 18 cities, the bulk of power generators and the fertile river valleys. They complain that the maps destroy the viability of their self-styled state and give the Muslim-Croat federation an unfair strategic advantage in any eventual future war.

Also the focus of bitter criticism is the narrow land corridor in the north linking Belgrade with Serb-held lands in western Bosnia and Croatia. "We would not even be able to pass through it on a bicycle, not to mention lorries or tanks," said Mr Radovan Karadzic, Bosnian Serb leader.

He predicted last week that 90 per cent of Bosnian Serbs would vote against the plan. The Belgrade authorities charge that the figure of 900,000 eligible voters is inflated, pointing out that there are no electoral lists in Republika Srpska, the self-styled state.

While apparently unanimous in their opposition to the maps,

Bosnian Serbs are confused, but not worried, about the embargo imposed by Mr Milosevic. They even defend him - they credit him for being the first leader in post-Tito Yugoslavia to address their grievances - for having no choice but to impose the blockade.

Mr Savo Popovic dismissed speculation that Mr Milosevic, in meetings tomorrow in Belgrade with Mr Andrej Korynev, the Russian foreign minister, will agree to the dispatch of some 400 international monitors along the border between the rump Yugoslavia and Bosnia. In return, the UN has drafted a resolution to open the airport in Belgrade and lift the ban on international sports competition.

"The bridge can never be burned between us. We are one nation," said Mr Savo Popovic. "Milosevic will realise that we are defending Serbia here in Trnovo."

The 75-year-old uncle, Bozo, seated under a portrait of General Draza Mihajlovic, his Chetnik commander executed by Tito after the second world war, agreed that his fellow Serbs will defend their land: no matter what.

"We fought against the Germans with pitchforks, we'll do it again."

More general easing of the hostilities between Ukraine and Russia, which has been evident this week in the measured responses of both Kiev and Moscow to Sevastopol's declaration.

Over the past three years, Crimea, transferred from Russia to Ukraine only in 1954, has often been a lightning rod for deeper tensions between the two Slavic neighbours. After Crimea's election earlier this year of a separatist president, who received political advice and financing from Russia, some analysts, including the CIA, warned that the two countries could come to blows over the lush peninsula.

But political developments in Crimea this week have suggested that Mr Kuchma's victory in Ukraine's July presidential race has made

that dire scenario unlikely.

Although Mr Kuchma has backed off from the pro-Russian rhetoric that he employed on the election campaign trail, he is clearly a leader with whom the Russians feel they can do business and their reaction to Sevastopol's breakaway bid has been appropriately amiable.

Whereas a year ago the Russian parliament passed its own ruling declaring Sevastopol to be Russian territory, earlier this week senior Russian officials dismissed the city's unilateral effort to join Russia as "illegal" and said they did not wish to "warm their hands over Ukraine's troubles".

Russia's new-found desire to be a good neighbour to Mr Kuchma's Ukraine may be in part explained by Moscow's perception, as articulated yes-

terday by Mr Sergei Karaganov, one of President Boris Yeltsin's foreign policy advisors, that under Mr Kuchma's new regime "the old Ukrainian elite, which made its career on the Ukrainian-Russian conflict, is being ousted".

Unlike the breakaway regions with strong local ethnic identities, such as embattled Chechnya, which are bedevilling Russia in the Caucasus, Crimea is dominated by ethnic Russians whose calls for independence have always been a thinly veiled plea for reintegration into their perceived motherland.

If Russia is now placing a higher priority on good relations with the new Ukrainian leadership, Crimeans may have no one to turn to but Mr Kuchma, the man they overwhelmingly voted for in July.

Kuchma muted over Sevastopol

By Chrystia Freeland in Moscow

Ukrainian president Leonid Kuchma yesterday rejected the Crimean port city of Sevastopol's unilateral declaration, made earlier this week, that it was part of Russia.

Mr Kuchma, himself vacationing on the contested peninsula, told reporters that the decision of the city council of Sevastopol, which is the home port of the Black Sea Fleet, "has no legal weight".

But beyond making this expected and formulaic statement, Mr Kuchma, who said he would try to "persuade" the city council to reverse its decision, has been remarkably mild in the wake of Sevastopol's separatist ruling. The recently elected Ukrainian president's unruffled reaction is part of a

more general easing of the hostilities between Ukraine and Russia, which has been evident this week in the measured responses of both Kiev and Moscow to Sevastopol's declaration.

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General thwarts dismissal move

By Chrystia Freeland

General Alexander Lebed, an outspoken and popular Russian officer, yesterday scotched Moscow's efforts to disband his army and send him to another posting.

Gen Lebed's successful defiance of his superiors in the ministry of defence is another sign of the weakness of Russia's top brass, which has been dogged this week by allegations of corruption.

Over the past few weeks the ministry of defence has attempted several times to detach Gen Lebed from the loyal troops of the 14th army which he commands in Moldova and send him to a remote outpost, most recently the central Asian republic of Tajikistan.

But the 43-year-old general, who became the darling of the officer corps earlier this year when he publicly suggested that Russia follow the example of Pinochet's military dictatorship, has publicly refused to obey.

After a meeting in Moscow yesterday between Gen Lebed and Gen Pavel Grachev, the Russian defence minister, the ministry appeared to back down.

A spokesman said that, having turned down the offer to command Russian troops in war-torn Tajikistan, Gen Lebed would remain in charge of the 14th army.

Gen Grachev made a further, explicit effort at reconciliation, issuing a statement insisting that the ministry, which has announced Gen Lebed's dismissal from his post at least twice earlier this month, was not trying to oust him.

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Swedish poll shows rise in support for EU entry

By Hugh Carnegie in Stockholm

Support for Swedish membership of the European Union has moved ahead of anti-EU opposition for the first time in more than two years, according to an opinion poll published yesterday.

In a welcome boost for the main government and opposition parties campaigning for a Yes to EU membership in a referendum to be held on November 13, the Gallup poll in the daily newspaper Expressen showed support for joining the Union running at 40 per cent, up from 38 per cent in a similar poll early in the month and three points ahead of the No camp.

The No side slipped three points from 40 per cent, with 23 per cent undecided. The poll was further evidence of a trend since the July summer holiday running in favour of the pro-EU campaign, which is backed by the leadership of four right-centre governing coalition parties and the opposition Social Democratic Party.

Another poll last weekend showed a 41-37 lead for the No camp. But it also showed a four-point fall in the No vote, which during most of this year and last year has held a strong lead.

If the trend continues, it will brighten the hitherto doubtful prospect of all three Nordic EU applicants - Finland and Norway as well as Sweden - joining the Union on schedule at the beginning of 1995, along with Austria.

The Yes camp leads the opinion polls comfortably in Finland, where a referendum will be held on October 16. The No side still holds its longstanding lead in Norway, which votes on November 28.

However, a poll in the Norwegian newspaper Aftenposten last weekend showed a three-point rise in support for the EU to 31 per cent, while the No lead fell four points to 48 per cent. Significantly, respondents, when asked how they would vote if Finland and Sweden vote to join, produced a No lead of just 43-42.

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مكتبة الأمل

Bad weather forces fall in Cuban exodus

By James Harding
in Washington

Thunder and lightning yesterday forced what President Bill Clinton could not halt the tide of Cubans attempting to flee the island by boat.

Bad weather in the Straits of Florida forced the first substantial drop in the number of refugees since the US administration announced it would no longer allow Cubans entry to the US and would take them for detention at the US naval base at Guantanamo Bay, Cuba.

The Coast Guard reported 1,670 people were picked up on Thursday and only 37 people were known to have been found by midday yesterday. For the five days before Thursday, more than 2,500 people had been found daily.

As rain and high seas continued through the day yesterday, concerns grew over the numbers of people who may

have died in the tropical thunderstorm.

In South Florida, callers to local radio stations said they had seen small boats and rafts washed ashore with no apparent survivors.

The Coast Guard acknowledged that there had been some fatalities, but said that there was no way of keeping track of the numbers lost at sea. One official went on to say that bad weather was making the rescue operation more difficult.

"Even on a calm day it is difficult to pick people up off unstable rafts - in rough weather it is more dangerous," the official said. Finding people was an increasing problem: "It is much more difficult to spot rafts because they're not visible due to the high waves, fog and rain."

In Washington, President Clinton was yesterday reported to be meeting foreign policy advisers to discuss ways of preventing people from trying to

flee the island and measures to tighten the trade embargo against Cuba. Mr Warren Christopher, US secretary of state, broke off his holiday in Florida to attend the White House session on the Cuba problem.

Defence officials expected to move between 7,000 and 8,000 extra soldiers to the Guantanamo base to help the 3,000 already there building the refugee camps. Mr Dennis Boxx, the Pentagon spokesman, estimated it would cost \$100m (\$85m) to set up expanded camps for the Cubans assuming the numbers do not exceed 45,000.

The Pentagon predicts it will cost about \$20m a month to run the camps.

In a separate development yesterday, a Florida boat owner was detained by the Coast Guard for allegedly trying to smuggle nine Cubans across the 90-mile stretch of water between Cuba and Florida.

Brazilians turn blind eye to budget

Presidential candidates ignore fiscal forecast, writes Angus Foster

Brazil has never been renowned for sticking to budgets, which partly explains the country's inflation problems. So, when President Itamar Franco announced recently that all the candidates for October's presidential elections would be called to a special preview of next year's budget, economists began to wonder if the years of fiscal discipline were over.

The idea, according to Mr Franco, was to show candidates the government's cash shortage and stress that the incoming president must keep control of spending to add credibility to the country's new currency, the Real.

Unfortunately, when the meeting went ahead yesterday, none of the candidates turned up. Instead they sent lowly campaign officials who mumbled apologies about their bosses being "very busy" electioneering. After all, elections in Brazil involve spending money to win votes, not worrying about where it comes from. The episode does not mean



Itamar Franco: message on monetary responsibility failed to get through

candidates do not care about the economy. The Real, launched in July, has brought monthly inflation down from 50 per cent to less than 5 per cent and has a good chance of keeping it there. This has helped poorer voters, who have

switched support to Mr Fernando Henrique Cardoso, the former economy minister, who oversaw the Real's introduction.

What it does show, however, is Brazil's traditional disregard for budgets or spending prom-

ises. Brazilians are amazed by the pomp, and credibility, which surrounds budgets in other countries. This is partly for historical reasons: under the military governments of 1964-85, budgets were often works of fiction which con-

cealed investments in secret or strategic projects. Since the return to democracy, budgets need approval in Congress, where they are changed beyond recognition as politicians seek to divert money to pet, and sometimes corrupt, projects.

Brazil is currently without a budget. This year's one was drawn up 13 months ago but has still not been approved by Congress, the longest delay this century. Without a budget the government is only allowed to spend a fraction of its commitments each month.

This may appear a strange way to run a country. But it allows the government to hinder Congress adding spending amendments to the budget. The government claims its unapproved budget will balance, although no one knows whether this is true. But if congressmen were allowed to add amendments, especially ahead of elections, the budget would certainly go into deficit, undermining the Real and adding to inflation.

Growth in GDP allays US concerns

By James Harding

The US economy grew slightly more rapidly than originally estimated in the second quarter of this year, but not as fast as some analysts had feared.

The US Commerce Department announced an upward revision to second-quarter real gross domestic product, the output of goods and services in the US, to 3.8 per cent, from its initial estimate of 3.7 per cent.

The increase in GDP between April and June, measured at seasonally adjusted annualised rates, follows a 3.3 per cent rise in the first quarter of 1994 and a 6.3 per cent increase in last year's final period.

Analysts had expected an upward revision to as much as 4.2 per cent, which would have raised concerns that the economy was growing too rapidly. Financial markets yesterday appeared to interpret the modest increase on the original estimate as a sign that the Federal Reserve's pre-emptive tightening of monetary policy to head off inflation was having the desired effect.

The Commerce Department further dampened down fears of over-heating with its explanation that the higher growth in the second quarter was largely attributable to a build-up in unsold business inventories, which increased by \$30.9bn. This was the biggest gain in six years.

The government also reported that after-tax profits of US corporations rose 7.4 per cent in the second quarter in a sharp reversal of the 3.5 per cent drop in the first period of this year.

The rise in consumer spending in the second quarter was less than the increase in the opening period.

The rate of growth in housing construction also shrank, to post a 7.3 per cent rise in the second quarter after a 10 per cent increase in the first three months of 1994.

Call to ease Taiwan curb on foreign investment in shares

By Laura Tyson in Taipei

Taiwan's top securities regulator yesterday called for the easing of controls on foreign investment in domestic shares, in remarks exposing sharp divisions within the government over the pace and scope of financial reform.

"Compared with other countries, we have too many restrictions on foreign investment," Mr Day Lintu, chairman of the Securities and Exchange Commission, told a conference on the stock market.

Foreign investors are keen to gain

entry to Taiwan's share market, seen as undervalued relative to other Asian markets. At the same time, the ruling Nationalist party aims to transform Taiwan into a regional hub for business and finance. But "how can Taiwan become a financial centre under the current restrictions?" Mr Day asked.

Total market capitalisation of the local bourse was US\$269bn (\$134bn) at the end of July. But Taiwan has set an overall ceiling of \$7.5bn on funds remitted into the country by approved financial institutions for direct investment in shares.

The Taiwan stock market was opened to direct foreign investment in 1991. Each approved foreign institution may remit up to \$200m, but combined foreign holdings in a single stock may not exceed 10 per cent of outstanding shares and any one foreign investor may not buy more than 5 per cent of a listed company's outstanding shares. Individual foreigners are banned from investing in local shares.

At the end of July, about 100 foreign institutions had applied to invest a cumulative total of more than \$12bn in Taiwan's stock mar-

ket. About 60 institutions had been approved to invest \$6bn, of which \$4.5bn had been invested in shares. Expansion of foreign participation would strengthen the local market's structure, increase its size and depth, and make it less vulnerable to manipulation, said Mr Day.

His remarks highlight a long-standing battle between the Finance Ministry, under which the SEC resides, and the Central Bank of China. The central bank wields near-absolute power over foreign investment in the bourse through stringent foreign exchange controls

and vets each foreign investor. It had been hoped that the accession of a new central bank governor, Mr Liang Kuo-shan, on June 1 would defuse tensions between the feuding agencies.

In late July, the SEC called for the ceiling on foreign investment to be raised to 10 per cent of total market capitalisation. Mr Liang demurred, saying that three conditions had to be met before foreigners' market access would be increased. Total market turnover and capitalisation had to rise significantly; the government's limping privatisation pro-

gramme had to be speeded up to mitigate the weighting of foreign investment in the market; and annual growth in money supply had to be kept below 15 per cent. He also said the impact of capital movement on the local currency's exchange rate must be minimal.

Money supply and inflation have exceeded targets in recent months, making it unlikely that controls on foreign investment will be lifted soon. But brokers do expect a gradual easing of restrictions under the government's long-term financial liberalisation policy.

Alarm grows as Nigeria sacks top executives

By Paul Adams in Lagos and agencies

Nigeria's military regime yesterday dissolved the boards of all government-owned companies and federal agencies, with immediate effect.

The move, which follows the dismissal of army and navy chiefs earlier this week, contributed to mounting international alarm at the turmoil in Nigeria. The European Union issued a statement saying it was "gravely concerned" over developments in the country, and calling for the restoration of a civil democracy.

A brief statement from the Nigerian presidency in Abuja, the capital, gave no explanation for the removal of hundreds of top executives and government officials. But sacked directors were told to turn in official property in their care. Among the organisations affected were the Nigerian National Petroleum Corporation, the Ports Authority and the National Electric Power Authority.

Nigeria's main parastatals - in oil and gas, telecommunications, electricity, ports, airlines and heavy industry - are all regarded by the public as inefficient and corrupt and have been under investigation by special panels since early this

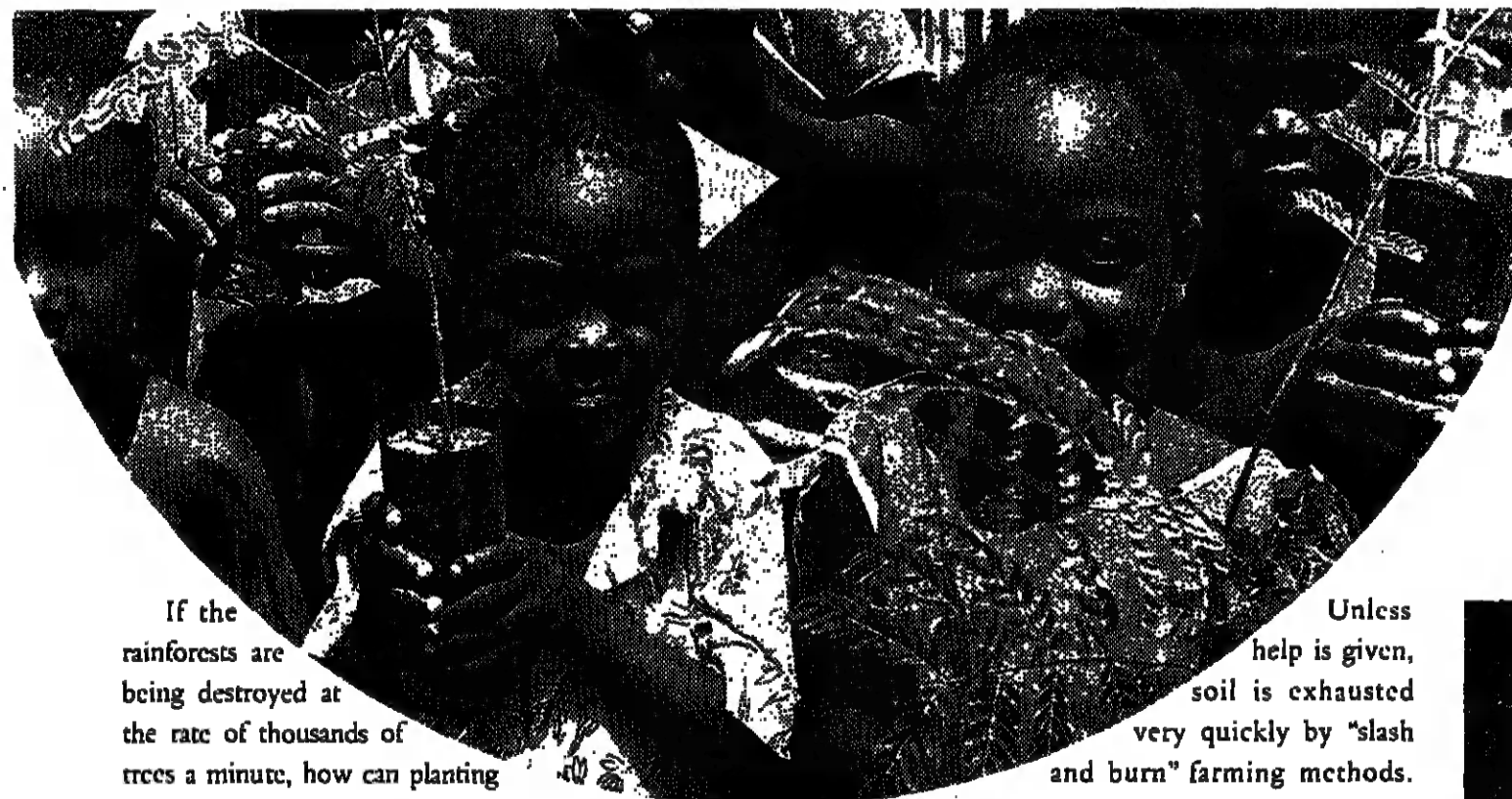
year. Some of these panels have submitted reports alleging financial mismanagement and fraud, although making no specific recommendations.

However, yesterday's move has been interpreted as part of President Sani Abacha's declared aim of taking a hard line against civil opposition, rather than as a move on corruption. The dissolution of the boards opens the way for a scramble for key government jobs in the face of stiff opposition to continued military rule.

Gen Abacha is also widely expected to reshuffle his government soon. The military regime has been facing mounting criticism since the arrest of Mr Moshood Abiola, the presumed winner of last year's presidential election, and the sacking of leaders of the oil workers' unions, who have been on strike for eight weeks.

About 90 per cent of the 100,000 oil workers defied the government's order to return to work on Thursday, according to Mr Samuel Ogbemudia, minister of Labour.

The oil unions are demanding the release and installation as Nigerian president of Mr Abiola, who is facing treason charges for proclaiming himself president.



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WWF World Wide Fund For Nature
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FOR THE SAKE OF THE CHILDREN
WE GAVE THEM A NURSERY.

Strikers mourn anti-corruption campaigner

Protests over murder hit Bombay business

By Stefan Wagstyl in
New Delhi and R C Murthy
in Bombay

Strikers protesting at the killing of a leading member of the right-wing Hindu Bharatiya Janata Party yesterday brought parts of Bombay to a standstill.

Hundreds of people attended the funeral of Mr Ramdas Nayak, who was shot on Thursday by gunmen using automatic rifles. The strikers, mainly organised by Shiv Sena, a radical ally of the BJP, disrupted railway services and forced shopkeepers and market traders to close.

Banks and big public institutions stayed open but saw little business as most workers remained at home. The Bombay Stock Exchange was open but trading was negligible. Shiv Sena called the strike to put pressure on Mr Sharad Pawar, chief minister of Maharashtra state which has Bombay as its capital. Mr

Pawar faces mounting criticism about the rise of violent crime in the city and growing evidence of ties between politicians and underworld bosses.

Mr Nayak was a leading anti-corruption campaigner. But police have said it is too early to know whether his murder was linked to his attacks on corruption.

In New Delhi, Mr S B Chavan, the home minister, promised in parliament to call an all-party meeting on "the criminalisation of politics" in response to concerns voiced by MPs about Mr Nayak's death and about the killing of eight children in a bomb blast on Thursday in the troubled northern state of Jammu and Kashmir.

Six more relatives of Mr Tiger Memon, who Indian investigators believe helped organise last year's bomb blasts in Bombay, have been arrested.

They were taken into custody in Dubai and brought to

Delhi by air on Thursday. Those detained are Mr Memon's father and mother - Mr Abdul Razak Memon and Mrs Hanifa Abdul Razak Memon - three of his brothers and the wife of one of the brothers. A fourth brother, Mr Yakub Memon, was arrested in Kathmandu earlier this month and smuggled into India, where investigators claim he has provided evidence about the blasts.

Mr Yakub Memon has said that the only family member involved in the bombings was Tiger, who is thought to be in hiding in Pakistan. The whole family left Bombay for Dubai on the eve of the blasts, on March 12.

The circumstances under which the family has been taken into custody are unclear. There is speculation that they might have a secret agreement with the Indian authorities to provide evidence in return for guarantees about their safety.

مكتبة الأمان

US joins the hunt for Chinese market share

charges, and analysts are not expecting a strong movement in inflation for the autumn - as the economy goes through what still appears likely to be a patchy revival.

Car production fell 10.6 per cent last month from a year earlier, the Japan Automobile Manufacturers' Association said yesterday. Some makers such as Mazda stepped up output in anticipation of demand for newly launched models. Industry officials are suggesting that August vehicle sales will turn in their best performance for four years.

Year	Deficit (\$bn)
1991	13.5
1992	17.5
1993	22.5
1994	12.5

Source: US Department of Commerce

From China's perspective, Mr Brown is a welcome guest. Mr Shi Jianxin, a senior Trade Ministry official, told the official Xinhua news agency that the visit "reflects the US government's willingness to adopt a more active and practical attitude toward its relations with China." Mr Shi described prospects for further co-operation as broad.

The US and China are still relatively far apart on questions like "national treatment": that is the obligation of Gatt contracting parties to accord each other corresponding market access privileges. Gatt talks are scheduled to resume in Geneva next month and China is pressing hard to fulfil requirements for access to enable it to become a founder member of the World Trade Organisation.

Commerce Department officials say Mr Brown does not plan to make too much in discussions with Chinese officials of a growing Sino-US trade imbalance, but there is no doubt the issue looms in the background.

China last year exported goods to the US worth \$31.5bn (\$20.3bn) compared with imports of \$8.7bn, leaving a trade gap of \$22.8bn. In the six months to June, China had opened up a gap over the US of \$11.6bn, suggesting the balance of trade in China's favour will be much the same this year.

Not least of Mr Brown's objectives on this mission will be to seek ways to stimulate US exports to counter the persistent and growing trade deficits.

UN members owe the organization \$3.3bn, including \$1.48bn for peacekeeping and \$335m for regular dues. Of this, the US must pay \$1.48bn, and the rest \$956m for peacekeeping and \$330m for the regular budget.

The new US appropriations concern peacekeeping only and not regular dues, but go a long way to improving the cash flow of the UN. The organisation has had difficulty in raising money from poorer countries as there has been no money to pay them.

Ms Albright said, \$335m would be made available to the UN within days and \$335m would follow in September, contingent on the creation of an independent inspector-general's office which will monitor and manage the programme. Congress had demanded such action.

The US expects to pay off the remainder of its peacekeeping debt later this year.



The Thai government plans to force drivers to leave their cars on the outskirts of Bangkok, as the number of vehicles joining the traffic jams in the capital grows by 500 a day.

The government had been hoping that three new elevated or underground urban railway projects would relieve the traffic crisis, which is costing the country millions of dollars. But it is clear that none of these alternative systems will be operating this century.

special car parks on the edge of the city and take an improved bus service into the business and government district. However, finding a way to keep some drivers out while others are allowed in could prove difficult.

One scheme the government is considering would only allow cars into the city when they were carrying two or more passengers. But a similar scheme introduced in Indonesia, where cars needed to carry four people to enter the city, saw a new industry take off as boys began hiring them

even number and those ending with an odd number to enter the city on alternate days led to a rise in car sales as people made sure they had the appropriate plates.

Thailand may try to get around these problems by making private car owners purchase special stickers to enter Bangkok.

But many doubt the government will find a way to force Bangkok's burgeoning middle class to abandon the airconditioned safety of cars for the dubious comforts of a Thai bus.

planner argues the scheme will work as "everyone agrees the current situation cannot go on. Maybe the super-rich will still take their cars - but they will be made to pay for the damage".

Mr Khunying Chodchoy Sophonpanich, who has led the campaign for an underground railway system, believes Thais use their cars far too much.

"This is the only way to ensure that there are fewer cars on the streets."

Meanwhile, the prime minister has vowed the government will press ahead with the rail projects, but bureaucratic red-tape, technical and environmental problems and political opposition continue to block progress.

Active US engagement recognizes both the importance of the world's fastest-growing economy to US economic growth and the importance of advancing our interests with the leading governments and its people," he said on the eve of his arrival.

There is no doubt that the recent renewal of MFN, particularly the "de-linking" of human rights and trade issues, has opened the way for a more settled commercial relationship, even though Washington and Beijing are at loggerheads on such questions as Chinese intellectual property rights, abuses and barriers for China's entry to the World Trade Organization on Tariffs and Trade.

Human rights issues also

Like sparks in bush grass, a row is once again smouldering between Malaysia and Australia.

Late last year Malaysia reacted angrily when Mr Paul Keating, Australia's prime minister, called Dr Mahathir Mohamad, his Malaysian counterpart, a recalcitrant for his non-attendance at the Seattle meeting of Asia-Pacific regional leaders. At one stage Australian trade and contracts in Malaysia were under threat. The argument was settled only after some delicate diplomacy.

Now a fresh row threatens to erupt over the activities of Malaysian logging companies in the south Pacific.

At a meeting of south Pacific leaders in Australia earlier this month, Mr Keating accused Malaysian, South Korean and

"Unless the environmental piracy of foreign companies operating in the south Pacific region is controlled, the future for the region will be bleak."

Malaysia, which has shown itself deeply sensitive to outside criticism, particularly on environmental issues, accused Australia of interfering in matters outside its control. "What is the business of Australia to

criticise the presence of Malaysian or other foreign logging companies in the south Pacific islands?" asked Mr Lim Keng Yaik, Malaysia's minister of primary industries.

Mr Lim suggested that Australia was jealous of the suc-

This week Dr Mahathir added his voice to the anti-Australian chorus. In a thinly veiled attack on Australians

policy, he questioned the motives behind a \$22m (1960,000) aid package for the Solomon Islands. This was announced during the south Pacific forum, and was offered on condition that the Solomon Islands' government banned

logging activity on certain government land. The logging was being conducted by Kumpular Emas, the Malaysian group.

Australia said the money was to prevent environmental



piracy but Dr Mahathir questioned whether the aid had anything to do with ecology.

"Unfortunately the activities of Asean [Association of South-East Asia Nations] loggers to help the economy of many developing countries have aroused resentment among some regional powers," Dr Mahathir said. "Suddenly money is offered to these developing countries to persuade them to stop Malaysian investors and investors from other countries."

Malaysian logging compa-

sian loggers to launch operations in PNG.

Government and environmental groups in PNG say the foreign timber companies have accumulated too much power and are resisting official controls on the industry, pointing to the fact that Malaysian companies now control more than 60 per cent of PNG's log exports.

In the Solomon Islands, a Malaysian company - Silvania Products, owned by Kumpulan Emas - had its logging licence suspended recently for breach-

ted to the Asia-Pacific region that it has to tread carefully to ensure that export and investment opportunities are not put

In Brisbane, Mr Keating was scrupulous about not criticising Malaysian loggers in isolation and always mentioned Korean and Indonesian companies in the same breath. "Whoever these companies belong to, I think that they should be encouraged to be good corporate citizens," he said.

After the "recalcitrant" row, Australian ministers have taken a low-key line where Malaysia is concerned. For example, Australia and New Zealand, through their joint Closer Economic Relations deal, are keen to join the

Asean Free-Trade Area (AFTA). When, earlier this year, Malaysia's foreign minister suggested that new members or linkages would not be possible for at least a decade, his Australian counterpart said soothingly that he believed

But whether Australia's careful approach will defuse the tension is questionable.

Mahathir has expounded the idea of Malaysia Inc: that government and business work as a team in furthering the nation's development. As Mr Keating is learning, it also means that criticism of Malaysian companies is criticism of the Malaysian government and Dr Mahathir.

nies, most of them tightly controlled family businesses owned by Chinese Malaysians, have accumulated vast financial resources from the timber trade. The east Malaysia state of Sarawak alone accounts for 80 per cent of the world's unprocessed tropical timber

exports. But with environmental pressures forcing cutbacks on logging, the country's timber conglomerates have been looking at opportunities elsewhere.

In Papua New Guinea one Malaysian company, the privately held Rimbunan Hijau group, has logging concessions of nearly 2m hectares - an area more than 20 times the size of Singapore.

Indonesia's powerful timber companies have also recently begun teaming up with Malay-

Australia, as so often in its relations with South-East Asia, is in a bind. Mr Keating clearly feels he is justified in criticising the activities of Malaysian and other companies, and

there is strong pressure from the local environmental lobby for him to take a more forceful line. Australia is a big aid donor and significant trading partner with the South Pacific nations, and hence has some influence.

But whether Australia's careful approach will defuse the tension is questionable.

Mahathir has expounded the idea of Malaysia Inc: that government and business work as a team in furthering the nation's development. As Mr Keating is learning, it also means that criticism of Malaysian companies is criticism of the Malaysian government and Dr Mahathir.

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NEWS: UK

Welsh Water joins race to build private roads

By Andrew Taylor,
Construction Correspondent

Welsh Water has joined UK and Continental construction companies which have formed rival joint ventures and consortia to bid for £380m of privately financed road schemes announced last week by Mr John Watts, roads minister.

At least eight potential groupings have emerged which expect to bid for one or more of

the four design, build, finance and operate contracts.

Contractors will be paid by shadow tolls from the Euxine, based on the number of vehicles using the road. In return they will design, finance, construct and maintain the roads for 15 to 25 years.

Five of the eight groupings are understood to include: ● Tarmac and John Laing, the UK contractors with Welsh

Water and Transroute, the largest French toll road operator. B2W are merchant bank advisers.

● Amec and Alfred McAlpine, the UK construction companies and Spanish contractor Dragados.

● Taylor Woodrow, Sir Robert McAlpine and Amey, all from the UK.

● Mowlem of the UK and Dumez GTM of France advised by Schroder merchant bank.

Wimpey the UK contractor and Balfour Beatty the UK highway design and transport consultants. Merchant bank advisers are Morgan Grenfell.

Three other UK contractors - Costain, advised by NatWest Markets, Balfour Beatty advised by Bank of America, and Trafalgar House - are separately talking to potential partners and plan to bid.

It will be the first time that

shadow tolls have been used since the government removed its opposition to the concept in last year's Budget.

The schemes have attracted strong interest from Continental toll road and construction companies anxious to break into what they believe will be a growing market for privately financed infrastructure projects in the UK.

Welsh Water, which recently acquired Acer engineering con-

sultants, also wants to expand its UK and international business in constructing and operating large-scale infrastructure schemes.

The four road projects are: ● A £190m scheme to build a 19 mile link joining the M1 and M2 south of Leeds with the A1. All three existing roads will be widened to dual four-lane capacity on approaches to the new link road.

● A £145m scheme to widen 13

miles of the A1 to motorway standard between Alconbury and Peterborough.

● A £350m scheme to widen a 34-mile stretch of the A419 and A417 between Swindon and Gloucester, including two by-passes.

● A £10m project to by-pass Halkett on the A69 plus the management of the entire 83-mile length of the A69 between Newcastle upon Tyne and Carlisle.

Levitt trial legal aid bill tops £2m

The trial of Mr Roger Levitt, the financier who received a 150-hour community service sentence for fraudulent trading, will cost the taxpayer more than £2m in legal aid, it emerged yesterday.

The case followed the collapse of Mr Levitt's financial services group with debts of more than £34m.

Mr John Marshall, MP for Hendon South, said he had obtained from the solicitor-general's office figures showing that the final legal aid bill amounted to £2,127,833.02 - £866,234.97 in counsel fees, solicitor's costs of £1,461,598.05, and an additional award to one defendant of £10,000.17.

Labour attack on bank charges

The Labour party yesterday called for the banking ombudsman to be made responsible for investigating charges levied by banks.

Mr Gordon Brown, shadow chancellor, and Mr Alastair Darling, Labour's City spokesman, also called yesterday for the Office of Fair Trading to investigate banks' market shares in lending and providing other services to small businesses.

The call for increased oversight of bank charges came after the six largest UK banks reported a 69 per cent rise in first-half profits. Labour said charges had risen sharply since the recession and loan margins remained high.

Revenue guides to appear next year

The Inland Revenue is to publish the internal guidance manuals used in its tax and collection offices by the end of next year.

The manuals, which have previously been treated as confidential, are being published as part of the government's call for greater freedom of information.

The Revenue said some information would be withheld, covering anything that would prejudice the assessment or collection of tax, assist avoidance or evasion, reveal information about the affairs of individual taxpayers or breach copyright.

Electricity pay offer improved

The prospect of industrial action by electricity workers receded yesterday after National Grid, the transmission system for the power industry in England and Wales, made an improved pay offer worth 2.95 per cent plus a one-off payment of between £450 and £550.

Unions representing 5,000 workers at the company are likely to accept the 15-month deal after consulting members.

BSkyB probe call

Mr Nigel Griffiths, Labour consumer spokesman, yesterday called for an Office of Fair Trading inquiry into BSkyB after the satellite station, in which Pearson - owner of the Financial Times - has an interest, raised its subscription price by £3 a month.

NI factory closes

Spence Bryson, the carpet manufacturing subsidiary of Richards, is to close its factory in Bangor, Northern Ireland with the loss of 175 jobs.

Adams upbeat at meeting US group

By Tim Coone in Dublin

Mr Gerry Adams, Sinn Féin president, yesterday described his meeting in Belfast with an influential Irish-American delegation as "an important step forward" in the Northern Ireland peace process.

He and other Sinn Féin leaders spent three hours with Mr Bruce Morrison, a former US congressman, and five other prominent Irish-Americans, who received a detailed briefing on the peace process from the Irish prime minister and foreign minister on Thursday.

Although on a private visit, the US delegation will report back to the White House when it returns to the US next week. After yesterday's meeting Mr Adams said: "We can look forward to the peace process moving on as a result of these discussions and deliberations."

Sinn Féin believes the Irish-American lobby in the US will have a key role to play in the months ahead, especially in the context of a widely expected imminent IRA ceasefire.

The British and Irish governments have emphasised that Sinn Féin will be admitted to round-table political talks only in the event of a permanent end to IRA violence. But politicians on both sides of the border acknowledge that an extended IRA ceasefire will put them under pressure to respond positively, if there is to be any chance of a temporary ceasefire being turned into a permanent one.

That is why Sinn Féin sees the powerful Irish-American lobby in the US as having a role in helping to shape US government policy on Ireland, and in turn influencing development of the peace process.

Mr Morrison said that he had been "very encouraged" by yesterday's meeting with the Sinn Féin leadership and that he believed the peace process to be moving "in a very positive direction".

Mr Morrison's delegation is to meet leaders from the Social Democratic Labour party (SDLP) and the Alliance party, but has been snubbed by the two main unionist parties, the DUP and the DUP.

'Great public schools' still dominant at A-level

By John Authers

The "great public schools" identified by the Clarendon Commission 130 years ago dominate the rankings of independent schools' A-level results published today.

All the top four - Westminster, followed by Eton College, St Paul's and Winchester College - were named by the report, which aimed to identify the best boys' schools in Victorian England. The lowest ranked of the nine Clarendon schools in today's table is Rugby, which, at 60th, still had results significantly better than the average for the independent sector.

The results, based on figures supplied by the Independent Schools Information Service, suggest that parents looking for the best chance of strong academic performance need to

INDEPENDENT SCHOOLS - THE ANNUAL PRICE OF SUCCESS

Day School Fees	£
1. Westminster	8,350
2. St Paul's	7,450
3. North London Collegiate	4,950
4. Royal Grammar School, Guildford	5,565
5. Manchester Grammar	4,002
Average	5,179
Boarding School Fees	£
1. Eton	11,250
2. Winchester	12,270
3. Down House	11,365
4. Malvern Girls' College	10,602
5. Wycombe Abbey	11,538
Average	11,398

There were exceptions, however, with all the top four schools last year, charging significantly more than the average.

GIRLS' SCHOOLS ON A ROLL

Day Schools	£
1. North London Collegiate (N)	8,350
2. King Edward VI High, Birmingham (17)	7,450
3. St Paul's Girls', London (N)	7,450
4. Lady Eleanor Hall, London (28)	5,565
5. Widdowson Girls, Manchester (13)	4,002
6. Guildford High (41)	5,179
Boarding Schools	£
1. Down House, Newbury (25)	11,250
2. Malvern Girls' College (42)	12,270
3. Wycombe Abbey (10)	11,365
4. Redlesham School (75)	10,602
5. Cheltenham Ladies' College (30)	11,538
6. Roedean, Brighton (29)	11,398

Source: ISC. Figures are based on 1993-94 results. Figures for 1994-95 are available from the ISC website.

pay for the privilege, with all the top four schools last year, charging significantly more than the average.

There were exceptions, however, with all the top four schools last year, charging significantly more than the average.

The sharp decline in the popularity of boarding over the last few years, which saw the number of boarders fall by 5.5 per cent in 1993-94 following a 6.5 per cent fall the following year, left the most prestigious schools untouched.

Some well-known boarding schools recorded weaker results, however, with Blundell's, in Devon finishing 42nd in the FT's analysis while Wrekin College came 44th, and Rossall School, in Fleetwood, Lancashire 45th.

Overall the figures show an improvement of 3.1 per cent in the grade achieved since last year - slightly ahead of the trend for schools in England and Wales as a whole.

Of the A-levels entered at 11 schools 29.4 per cent resulted in A-grades and 22.6 per cent in B-grades. Only 6.7 per cent resulted in failures.

Using the points system adopted by university admis-

sions tutors, where an A is given 10 points and an E two, the average score for each candidate was 20.31 - up from 19.89 last year and equivalent to marks slightly better than one B and two Cs.

There were wide regional variations. Greater Manchester schools had the strongest overall A-level performance, with an average of 21.5 A-level points per pupil. Greater London was not far behind on 21.1, while the weakest A-level points score on the British mainland, with 16 A-level points per pupil.

The Department for Education plans to publish its third annual performance tables for GCSE and A-level results for all British schools in November. Figures for independent schools' performance at GCSE this year will be available from 1st at the end of next week.

Didgeridoo lessons at just 10 'beaks' a blow

Feel the need for a shiatsu massage? That will cost you 15 beaks. Want your flat redecorated? Prepare to shell out 80 beaks, plus materials. How about a didgeridoo lesson? A bargain at 10 beaks.

If you are wondering about the exchange rates for the exotic country where "beaks" are legal tender, look no further than Kingston upon Thames in south London.

About 120 residents participate in a Local Exchange and Trading System - or Lets - a community bartering scheme in which members trade services and goods such as gardening, babysitting and even midwifery using credit units - beaks - were named after the local Beacon environmental centre.

This week Hounslow council in west London appointed the first full-time development officer with a £20,000 budget to help start a Lets.

Hounslow's scheme will join 300 others around the UK where between 15 and 400 residents have banded together to form alternative economies, particularly in financially disadvantaged areas.

The first Lets was set up in Norwich in 1985. In 1990 Lets-link, the national co-ordinator

of local bartering schemes, was set up by Lets members in Wiltshire and Stroud, Gloucestershire.

To start up a Lets a group of people get together and produce a directory of services offered. Each item is priced according to the local currency. In some schemes the unit is linked to an hourly standard. The beak, for example, is worth ten minutes of labour.

Members of the schemes are given cheque books and a central record keeper debits or credits their accounts after each transaction. Ms Liz Shepard, director of Letslink, said: "There is no interest payable and no payment schedule so you can start at zero and go into debt immediately. All that is required is that everyone in the system has to provide services or goods."

An increasing number of professional services are offered and several businesses accept the better units for at least some goods.

As well as providing economic benefits for those who would otherwise be unable to afford organic vegetables, massages or childminding, the schemes are said to create community benefits.

Ms Beth Wells, co-ordinator of the West Wiltshire Lets, where she will mow lawns and provide astrological services, said: "The community spirit is quite incredible. It builds up a sense of trust and sharing."

Defaulting on debt is not generally a problem and debt creation is discouraged. Ms Anne-Marie Mayer, a co-ordinator of the Kingston scheme, said: "It is actually people with large credits and no debts who let the system down. If people do a lot of work for other people but cannot think of anything they want, it creates a lot of people with large negative balances who then become disinclined to trade."

Most Lets are conducted on a small enough scale to avoid taxes, although businesses and those generating enough income to exceed personal limits are expected to pay taxes.

The Inland Revenue, while supporting the bartering schemes, does not want to get paid in beaks, however. It said: "We want our taxes in sterling. Please do not offer to wash all the windows at Somerset House."

Motoko Rich



Anne-Marie Mayer at home: "It is actually people with large credits who let the system down."

Sunday shop opening becomes legal

By Neil Buckley

All shops in England and Wales will be able to open legally tomorrow for the first time - but this is unlikely to lead to a shopping free-for-all.

The Sunday Trading Act became law yesterday, permitting all shops smaller than 3,000 sq ft to open freely on Sundays, and larger shops to open for up to six hours. It replaced the Shops Act 1950, which placed tight restrictions on Sunday opening. Sunday trading has long been deregulated in Scotland.

The move is not expected to lead to a large increase in the number of stores opening. Many small businesses have been opening in defiance of the act for years while larger chains have increasingly flouted the law in recent years, saying that it was outdated.

The biggest first-time opener will be Marks and Spencer, which has consistently refused to open on Sundays outside Scotland, and campaigned for the law to allow Sunday opening only in the four weeks before Christmas. Twenty of its stores will open on Sundays

from tomorrow, 17 of them in out-of-town locations.

John Lewis Partnership, which also refused to open in the past, has decided that its first Sunday opening should not be on a bank holiday week-end. Eighteen of the group's 108 Waitrose supermarkets will open on Sundays from next week, with the rest likely to open during the pre-Christmas period. John Lewis department stores will remain closed.

Some retailers fear the extra expense of opening on Sundays and paying staff premium rates will not be recouped by sales.

The St David's shopping centre in Cardiff decided against Sunday opening after a poll found most shops opposed it.

But the largest centres - Lakeside in Essex, MetroCentre in Tyne and Wear, and Meadowhall near Sheffield - will all open.

The group Keep Sunday Special, which campaigned to limit Sunday opening, said the change would "further erode both family and community life".

The Consumers Association said that the change did not go far enough.

Plans for third Forth bridge divide Scots

By James Buxton

The two bridges spanning the Forth - the railway bridge, opened in 1890, and the road bridge, opened in 1964 - are likely to be joined in a few years by a second road crossing.

It is a prospect that pleases people on the north side of the estuary in Fife, but arouses foreboding on the south side, especially in Edinburgh, 10 miles to the east, where they fear that it will choke the city with extra traffic.

The new bridge would stand just upriver from the existing link. Four consortia of UK and Continental construction companies and banks have registered their interest in building it as a privately-funded project financed by tolls. Including the associated roads, it would cost about £400m and be Britain's biggest privately-funded infrastructure project after the Channel Tunnel.

Traffic on the Forth road bridge has been growing by 4.5 per cent a year in the past

A new road link seems inevitable in spite of fears about congestion in Edinburgh, says James Buxton

decade. Last year it carried an average of 49,000 vehicles a day and exceeded its designed capacity of 60,000 a day on 15 days.

Consultants for the Scottish Office said last month that without a second road bridge - and with minimal other traffic improvements - the expected increase in daily traffic flows of about half by 2010 would cause peak-time tailbacks of five to eight miles, north of the existing bridge.

The consultants looked at several options for improving the Forth crossing, including not only a new bridge but also more investment in the railway system in Fife and enhanced bus and rail services on the Lothian side. They concluded that congestion would only be relieved by schemes including a new bridge.

Scottish Office ministers are waiting for a final roads study and the outcome of consultations before announcing their intentions, probably in November. The choice of a new bridge, coupled with investment in better public transport, seems inevitable.

Mr Alastair Darling, Labour MP for Edinburgh Central, said the bridge was "a solution to a political problem rather than solving a traffic or environmental problem." The government wanted a "flagship project for its private-finance initiative, which is failing".

He said that since 60 per cent of traffic going south across the bridge was travelling to Edinburgh, with a quarter of that going to the city centre, a new bridge would only encourage more people to drive there. Mr Darling supports a group-

ing of environmental organisations called the Forthright Alliance, which opposes a new bridge and wants a small number of road improvements and a large investment in public transport, including a rapid transport system in Edinburgh.

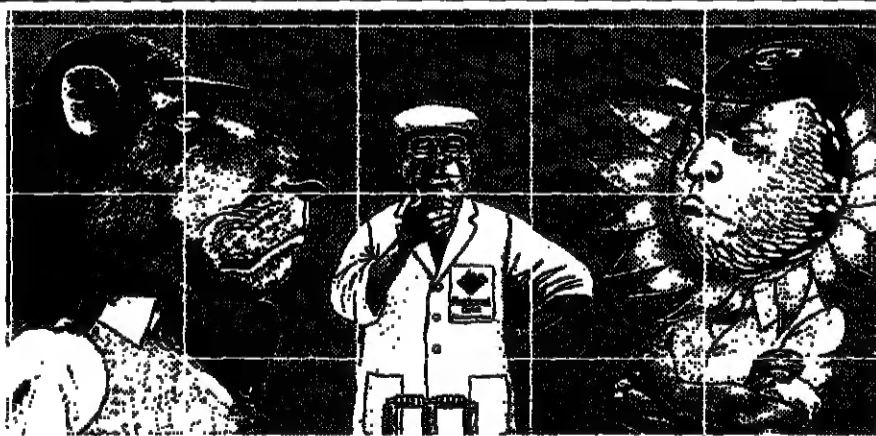
Mr David Begg, an Edinburgh University transport economist who chairs Lothian region's transportation committee, believes rail traffic across the Forth could be increased substantially by further investment in trains, stations and new signalling in Edinburgh. The government is allowing Fife region to borrow £5m to spend on station improvements, but Mr Begg said this was not enough.

These arguments are rejected by Forth Connect, a consortium formed this month to press for a second road

bridge. It is backed by chambers of commerce including those from Fife, Dundee and Aberdeen, but also Edinburgh, and has support from Scottish Enterprise, the official development body, and the CBI in Scotland.

Mr David Waring, director of strategy with Fife Enterprise, said improved public transport around the Forth was desirable but would never remove the need for a second bridge. He quoted a study for the Scottish Office which showed that 70 per cent of people travelling from Fife to central Edinburgh already used trains or buses.

Even if opponents become resigned to the new bridge, one aspect of the project is certain to be unpopular. Mr Ian Laing, Scottish secretary, said last year that higher tolls would probably be charged on the existing bridge to help fund construction of the new one. He envisaged tolls of at least £1.25 instead of the present 40p.



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مكتبة الامير

Aslef acts over rail strike safety

By Lisa Wood, Labour Staff

The rail dispute took a new turn yesterday with Aslef, the drivers' union, informing its members that they have the right to refuse to take charge of trains on signalling strike days.

Aslef has written to its 14,500 British Rail members telling them that they are legally entitled not to drive a train if they have concerns about safety.

The move follows advice from the union's solicitors after an alleged string of complaints from drivers about the competence of staff working signal boxes during strike action by staff belonging to the RMT union in its pay dispute with Railtrack. Anger has been expressed by Aslef over BR's move to offer Railtrack some of its staff to run signal boxes during strikes.

BR's rulebook obliges drivers not to move a train and to approach a supervisor if they have serious concerns. Drivers abusing the procedure can be subject to disciplinary procedures, including dismissal.

BR said the legal advice given to Aslef was absolutely correct. "We would not expect any staff to act in an unsafe manner," it said.

Aslef said its solicitors had advised the union that drivers who decided not to run a train were protected under the 1993 Trade Union Reform

and Employment Rights Act. The union said: "We are told that the act gives employees the right not to be dismissed, made redundant or subject to any detriment if they take appropriate steps to protect themselves because they believe they are in serious or imminent danger."

Aslef's solicitors have told the union that the legislation was "untried" and there could be a test case involving an individual driver if action was taken following the advice.

A mass walk-out of drivers during next week's action is unlikely. Drivers who did walk out would risk laying themselves open to disciplinary action for negligence if, for example, a train was stopped between stations.

In its letter to its members Aslef stresses: "There are clear procedures which have to be followed regarding notifying immediate management superiors and the union."

"We will encourage our members to act responsibly and adhere to these procedures but we cannot just carry on warning about safety hazards, being ignored and waiting for the inevitable accident to occur."

The Health and Safety Executive said it had investigated about two-thirds of complaints by Aslef members and had found nothing to jeopardise public safety.

Swans bidder may not proceed

By Chris Tights

The only prospective bidder for Swan Hunter, the Tyneside shipbuilder in receivership, said yesterday it was reviewing whether it wished to proceed with the acquisition, in view of the attitude of the Ministry of Defence.

French-based Softra/Constructeurs Mécánicos de Normandie said it would make a decision over the weekend.

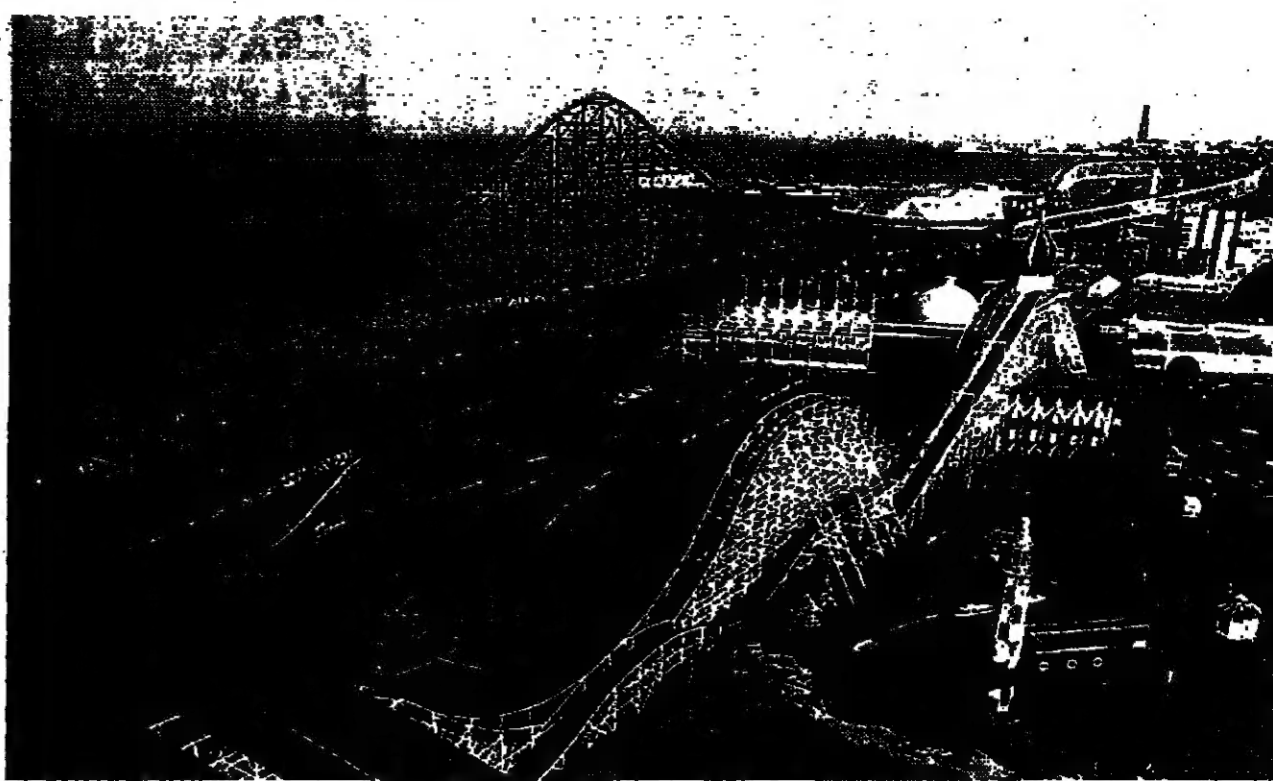
Mr Fred Henderson, chairman of CMN Support Services in the UK, will fly to France today for discussions with Mr Iskander Safa, head of Softra.

He said: "I think there's a bias in favour of it not going ahead but that's not a definite decision."

"We have to look at the overall deal and see if it still makes sense, and in particular make our minds up whether we still have the same faith in the MoD agreeing to Swan Hunter carrying out contracts for them in the future. That is a serious doubt."

Time for a going-concern sale of Swan Hunter is running out. Price Waterhouse, the receiver, has set a deadline of Wednesday for CMN to start paying the wages of the design team, which is crucial to winning new orders.

CMN will buy Swan Hunter only if the company, due to run out of work by November, has a two-year workplan. Its purchase deal depends on the transfer to it of Swan's MoD frigates contract.



Engineers were last night trying to get the world's tallest roller coaster back in action for the Bank Holiday weekend. The 235ft-high ride at Blackpool Pleasure Beach opened on May 28 but has been out of service since July 7, when its braking system failed.

Lib Dems plan NHS 'rationing'

By Kevin Brown, Political Correspondent

The Liberal Democrats are considering a system of health-care "rationing" which would make non-essential cosmetic and fertility treatments difficult or impossible to obtain on the National Health Service.

The idea is floated in a consultation paper to be published on Monday by the party's health policy working group in response to the government's market-oriented NHS reforms.

The paper says informal rationing is already operating in the health service, mainly through long waiting lists for certain kinds of treatment, but it says there is a case for "rational priority setting" of the kind recently introduced in some US states and New Zealand.

The paper suggests that treatment priorities could be established through public consultation after the costs and benefits have been clarified by medical experts.

It does not say which conditions might cease to be covered by the NHS, but the working party is understood to have focused on areas such as tattoo removal and expensive advanced fertility treatments.

The process of priority setting would be accompanied by a shift of NHS resources into preventive healthcare, combined with a health tax and "transparent" NHS accounting to show the aggregate annual costs of different forms of treatment.

Members of the working party believe this would increase public pressure for a reduction in "self-inflicted" illnesses such as those caused by smoking.

The paper says the "internal market" in health services established by the government should continue, with health trusts and an extension of the fund-holding system to all GPs. It says, however, that competition should focus mainly on quality rather than cost.

SNP to help with Tayside fuel bills

By James Buxton, Scottish Correspondent

A council controlled by the Scottish National party intends to help elderly and poor people pay their electricity bills by purchasing pre-payment electricity stamps from Hydro-Electric at a discount.

The stamps will be sold at the discounted price through social-work offices in Tayside region where the SNP won control from Labour in May.

The SNP says the scheme will mitigate the increase in fuel bills caused by the imposition of value added tax.

Hydro-Electric said it sold the stamps at a 3 per cent discount to shops for resale and had also sold them to the charity Age Concern. It said, however, that it had only had preliminary talks with Tayside.

During the regional council election campaign the SNP promised to pay £10 a year to low-income families, those on benefit, the elderly and those with disabilities in councils where it took control. When it won the Tayside and Grampian regions, however, it learnt that it did not have the legal power to make the payments.

It says the only cost to council taxpayers will be that of administering the scheme. It hopes to arrange a similar one with British Gas.

Solid rise seen in rate of small business start-ups

By Richard Gourlay

The continuing economic recovery is underlined by a solid rise in the rate of small-business formation in the first half of the year, according to Barclays Bank.

About 226,900 new businesses were formed over the period, up 10 per cent on the first half of last year. For the first time since 1990 the level of start-

ups rose in all regions. The rate of generation of new businesses also suggests that the recovery may avoid the breakdown pace of new company generation in the late 1980s. That proved unsustainable and was followed by equally sharp increases in the failure rate.

Mr David Laverack, head of small business services at Barclays, said: "It is likely we will see a much more

steady pattern of growth in the small-business sector over the coming years. This is preferable to the dramatic rise in the number of businesses witnessed during the 1980s."

The recovery in manufacturing start-ups was particularly strong, boosted by strong export demand and the strength of the domestic recovery, Barclays said. The retail sector accounted for a smaller share of start-

ups than in the first half of last year. Small-business closures in the second quarter fell to 109,000, nearly 16 per cent below the rate of the same period last year.

The north-west is leading the recovery in the small-business sector. More than 38,000 new businesses were formed in the first six months, a rise of 20 per cent. In Wales there was a 13 per cent increase.

The south-east, with an 8 per cent increase in new business formation, formed the most businesses but its rate of increase was below the national average.

The south-west, where the economy has been among the hardest hit in the recession, is showing signs of recovery for the first time since 1990. But its rate of formation - at 6 per cent - was below the national average.

Broadcasters' political 'dependency' attacked

By Raymond Snoddy

Broadcasting organisations are becoming too dependent on the government and their ability to call politicians to account is being dangerously eroded, Mr Greg Dyke, former chief executive of London Weekend Television, said last night.

The broadcasting legislation passed by the Thatcher government was still having its effect, he said. "Although the threats to the political freedom of broadcasters today are less obvious, they are there and, more seriously, have been institutionalised."

Mr Dyke was giving the James MacTaggart memorial lecture, which traditionally opens the Edinburgh international television festival.

Mr Dyke said he had two main concerns. The first was that in commercial broadcasting the delicate balance of being both a business and a

broadcaster was in danger of being too dominated by business.

Secondly, and more importantly, he feared the relationship between broadcasters and government was becoming a dependent one, "with broadcasters constantly wanting favours and legislative action from government - a position which is largely of government's making, and as a result gives government far too much power in the relationship."

Mr Dyke said that partly because of the inadequacies of the 1990 Broadcasting Act and partly because of the business ambitions of some of the ITV companies, the larger ITV groups were always wanting something from government - such as changes in ownership rules or reductions in the amount they paid the government for their licences.

"This, I would suggest, is a potential threat to a politically free broadcasting system and potentially gives enormous power to the government of the day," he said.

Mr Dyke, who has made it clear that he is a Labour supporter, suggested that any future Labour government should immediately set up a government commission to look at broadcasting.

He said possible reforms included new ways of appointing the chairman and governors of the BBC and the chairman and members of the Independent Television Commission and a guaranteed income for the BBC over the 10 years of its royal charter.

He also suggested that, to avoid the growing tension between some sorts of journalism and the business interests of commercial broadcasters, two boards should be considered for broadcasting organisations, one business and one broadcasting.

Herculean labour for the MoD

Lockheed, the US aerospace company, has been embarrassed by the disclosure that it faces charges of bribery in the US. The US State Department's resulting restriction on the export of its Hercules transport aircraft may make life uncomfortable.

The critical issue for the company in the next few months is the impact the affair will have on its chances of selling a large number of its next-generation Hercules to the Royal Air Force.

The bribery charges relate to a contract where Lockheed and two of its executives are accused of paying an Egyptian politician \$200,000 to help secure an order for Hercules five years ago. Lockheed denies the charges.

But because the company has been indicted the US State Department has put a stop on licences allowing Lockheed to export its Hercules C-130 and Orion P-3 reconnaissance aircraft. The ban applies to export licences issued after the charges were made on June 22 although the company can ask for exceptions to be made on a case-by-case basis.

From a purely legal standpoint Lockheed should still be able to export the next-generation Hercules to Britain. Nego-

tiations with the government to replace the first half of Britain's ageing Hercules transporter fleet have been under way for many months.

The UK is still deciding whether to buy the new generation - the C-130J - from Lockheed or to refurbish its Hercules fleet and wait for the new European Future Large Aircraft to become available early in the next decade.

Lockheed has offered the Ministry of Defence a fixed-price deal which includes 30 Hercules aircraft at about £26m each, and a package of training and support bringing the total cost to about £900m. The company has also obtained the export licences that it would need to sell the aircraft.

The licences were granted before the June 22 deadline and are therefore still valid. The company says that even if the licences had not already been granted, it would have applied for waivers and might well have received the go-ahead.

But Lockheed still faces an

uncomfortable few months. The bribery case will probably not come to trial before next year and the State Department's restrictions will remain in force until the matter is cleared. If it is convicted, the State Department can impose an indefinite ban on exports until it is satisfied that the company has reformed its practices.

The Ministry of Defence has indicated to choose between Hercules and the European aircraft before the end of the year but "British Aerospace" has argued for more time to present its case, as the fixed-price deal for the Future Large Aircraft is not yet complete.

A cross-departmental Whitehall committee has recommended that the Ministry of Defence should buy from the US instead of Europe, as well as the military needs of the RAF. That may also slow the decision.

In any case the defence ministry may be tempted to go slow while the Lockheed case

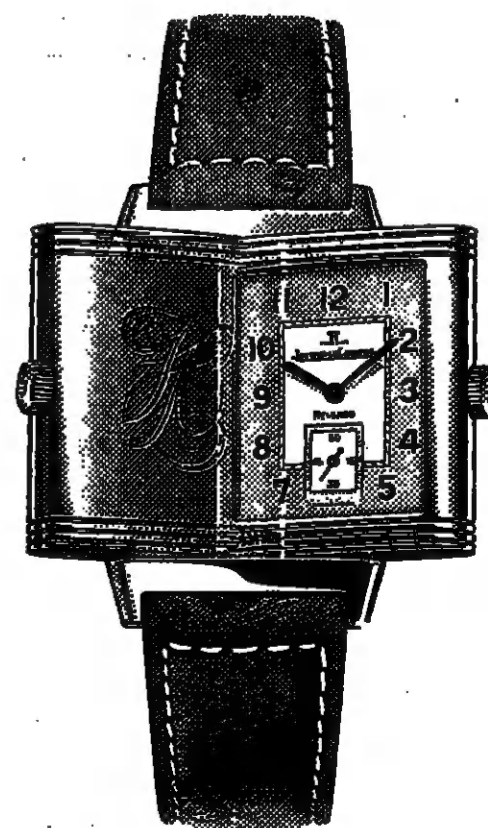
remains unresolved. Many MPs will object if the order eventually goes to the US, and the case will be harder for Mr Malcolm Rifkind, the defence secretary, to present if an overseas winner is also the subject of a corruption charge.

The ministry says it has been aware of the problem for some time and does not feel that the charges will affect the decision. Lockheed says it has done nothing wrong and that the RAF buying the Hercules remains unaffected.

Nevertheless, the incident raises the political stakes for the ministry. The RAF has long favoured buying new Hercules, partly because some of the fleet is wearing badly and the C-130J will be available much earlier than the European aircraft, and partly because an order for the Hercules now would mean 30 new aircraft in the budget to pay for them.

But if the defence secretary attempted to back that view he would have to take on the British Aerospace industrial lobby. He would also feel in a strong position to do so if Lockheed's name were cleared first.

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Saturday August 27 1994

Negotiating the recovery

Beyond Reasonable Doubt, the title of Lord Archer's first play, may no longer describe his chances of joining another government, but it does a good job of summing up the prospects for the UK recovery.

With real growth exceeding predictions, and inflation underfoot, the two years of healthy economic growth seem all but certain. The forecast for the government, however, is as doubtful as ever.

Monday's news that the economy grew more quickly than expected in the year to June was a pleasant follow-up to the previous week's surprisingly subdued July inflation figures. Real GDP is now thought to be growing at an annual rate of 3.7 per cent: earlier estimates had put it at 3.3 per cent. The August survey of monthly trends in manufacturing from the Confederation of British Industry did little to spoil the rosy picture. A higher proportion of respondents expect to raise output in the coming four months than at any time since the recovery began.

Mr John Major, the prime minister, may be less enthralled with "trickle-down economics" than his predecessor, but any government tends to expect good economic news to trickle down onto its popularity. Yesterday's MORI poll, indicating another record low in the Conservatives' popularity, scotched that theory again. The opposition's current 33 per cent point lead contrasts with the 3 per cent Tory lead at the end of the second quarter of 1992, when the economy first edged out of recession.

Conservative MPs will be pinning their hopes on Mr Clarke, the chancellor of the exchequer, to revive the relationship between economics and politics, with tax cuts by the November 1995 budget, if not before. He will be able to oblige them, without jeopardising the economy's longer run stability, only if the economy's traditional Achilles' heel - the current account and public sector borrowing - prove less troublesome than history would suggest. On the first, there are indeed grounds for optimism, none of them conclusive. On the second, the government's own commitments have put it on a precarious path.

Favourable surprises

The downward \$600m revision to the UK's current account deficit in 1993, which was announced on Monday, does not significantly affect the combined £120.3bn shortfall in net exports for that year. But observers have been revising their expectations for medium-term export growth in the wake of the week's other favourable surprises. The CBI now predicts the volume of goods sold abroad to

grow by 6 per cent this year and next. There was some justification for this in its own survey, which found favourable growth in export orders. More significant, however, is the fact that the largest continental European countries are emerging from recession faster than previously thought.

French and German consumers may prove happier to splash out on consumer goods in the coming year, as their economies revive, than their counterparts in Britain. That would certainly be the preferred outcome.

Feel-good factor

The trouble is that the current account is not the government's only concern. It is also worried by the lack of a "feel-good factor" in the recovery this far. For all that it has been consumption-led, consumer expenditure accounted for over three-quarters of the 1.5 per cent growth in GDP in 1993, and looks set to provide around two-thirds of this year's figure. Consumption growth has not been matched in the consumer confidence figures, largely because the spenders' real incomes were being squeezed at the same time.

Mr Clarke indicated much of the pain himself, in the tax increases announced last November. By 1996, the combined prudence of the last three budgets will be yielding some £17bn a year in extra revenue. How much, if anything, he can give back to the electorate will depend on whether he can stick to the severe targets for control of public spending which he re-affirmed in June. In theory, real public spending is to rise a mere 1 per cent per annum over the four years from last November.

Achieving this would make Mr Clarke a more frugal keeper of the public finances than any chancellor of the 1990s. That alone would appear to provide good grounds for optimism. But the fact that he has linked his efforts to the constraint of headline public sector borrowing means that the chances of visible failure are even larger than usual. True, the subdued behaviour of average wages over the past few quarters means that the gap between public and private sector earnings growth is less than one might have predicted at the time the policy was imposed. But the shortfall is likely to provide a growing source of pressure in the public pay rounds ahead. Certainly, this is a high risk approach.

The conflicts produced by such a blunt-edged instrument of fiscal restraint are a poor way to revive the public's confidence. *Not a Penny More, Not a Penny Less* may have been a bestselling book. It may prove to do less well as a political strategy.

Why am I always measured against the standard of Mother Teresa - a standard by which even saints will fail - and not against those chairmen of companies who create huge corporate crimes?" pleaded Anita Roddick, founder of Body Shop International, when her company came under attack in 1993 over its environmental standards.

She must have asked herself the same question this week. For the past 10 days the natural cosmetics company she founded 18 years ago in Brighton has been the target of intense publicity, amid claims that the high ethical and environmental standards it claims to uphold might be less genuine than it would like the world to think.

What prompted the controversy was the revelation that Franklin Research and Development Corporation, a US ethical investment adviser which has more than \$350m in funds under management, had sold its 50,000 Body Shop shares in mid-July and recommended its clients to do likewise.

The result has been several days of claim and counter-claim trickling into the press, while Body Shop, Franklin and other ethical research organisations have been bombarded with calls from journalists. Several US and UK ethical funds are reviewing their position. Since Thursday a week ago, the company's shares have dropped from 242p to a closing price of 218p in London yesterday.

The critics appear to pose the biggest threat to the company's squeaky-clean image since a 1992 documentary on Channel 4. Body Shop restored its reputation after that attack by winning damages of £273,000 against the programme makers in a High Court libel action last year.

This week's events raise specific questions about Body Shop practices over the years, but also much broader ones about how essential a faultlessly "green" reputation is to the company's success, and how the ethical investment sector operates. Franklin's advice to sell Body Shop shares was triggered partly by commercial factors that would be a consideration for any stock market analyst. First, it took the view that the company's stock price was already high for the retail sector at a time of growing competition.

Second, it had seen research which was highly critical of Body Shop, written by Jon Entine, a US journalist, some of which was scheduled to appear in Minneapolis-based *Business Ethics* magazine at the start of next month, with more details scheduled to appear in other publications over the next few weeks. Franklin believed that - whether or not the allegations were true - they would cause the company's share price to fall.

Other research questions issues such as where the idea for the Body Shop originated, the composition of the ingredients in its products, its record on quality control, animal testing, relations with franchisees, trade with suppliers in the Third World, charitable donations, environmental policy and staff working conditions.

Franklin is currently researching the claims and talking to Body Shop about a piece it is writing for its own insight newsletter next month, which will provide an assessment of the ethical standards of the company. It has not yet determined what its conclusions will be.

However, it has told the Financial Times that it would not have taken the decision to sell Body Shop shares unless it believed there was

Halo slips on the raspberry bubbles

The reputation of Body Shop has been tarnished by ethical questions, say Andrew Jack and Neil Buckley

a case to answer. It also stresses that it is still advising clients to sell their shares. "We do not sell stock based on every short-term rumour," said Mr Patrick McVeigh, senior vice-president.

Franklin's move has brought to an end a long period in which Body Shop successfully generated a positive image. The tide now appears to have turned, causing Gordon Roddick, Anita's husband and the chairman of the company, to dub critics this week "the zealots of cynicism".

Body Shop is frustrated that it has not been able to respond in detail because it has not seen the allegations. "It is not fair," says Angela Bawtree, investor relations manager. "All we have seen are rumours of allegations. We have responded as fully as possible."

It all seems a far cry from the Body Shop of the 1980s, one of the most successful retail flotations. Its Stock Exchange listing in 1984 and subsequent rapid expansion proved well-timed, as it capitalised on the growing consumer demand for stylish and innovative products, coupled with increasing public awareness of environmental issues.

While some similar niche retailers set up by entrepreneurs in the 1980s, such as Sophie Mirman's Stock Shop, later ran into financial difficulties, the progress of Body Shop has been spectacular. Profits increased from £1.04m in 1985 to £29.7m in the year to August 1994, on sales that have grown from £4.9m to £195.4m over the same period.

The company has achieved this success without advertising, instead using the growing fame of its articulate and energetic founder to sell its products. Anita Roddick personified the company, and rarely refused interviews. Newspapers and magazines devoted multi-page spreads to Anita's beauty tips, what she ate, how she decorated her home, even her favourite films.

The other defining characteristic of the company was its "green" image. It used recyclable plastic bottles and urged customers to refill their old ones rather than buy new ones. It campaigned against testing of products on animals; it plastered the olive-green interiors of its shops with posters telling customers to save the whale and the rainforest.

Body Shop's attempts to maintain high ethical standards extend beyond its environmental policies. The group allows every employee half a day of paid time off each month to do voluntary work. It donated £250,000 to launch the Big Issue, the magazine sold by the homeless, who retain 80 per cent of its cover price. It has campaigned for all employees to provide child care, and opened its own "workplace child development centre".

One of its most high-profile initiatives is the "Trade Not Aid" programme of paying "fair" market prices for its ingredients from people in developing countries. However, this idea has attracted the criticism of Mr Richard Adams, director of New Consumer, a campaigning group based in Newcastle, and the founder of *Tradecraft*, which has long specialised in selling food, clothes and handicrafts bought "fair" prices from the Third World.



He argues that - despite the posters and other publicity for its programme - "Trade Not Aid" represents less than 0.1 per cent of Body Shop's trade. The company replies that it cannot quantify the amount, but that it is "more than 1 per cent but less than 10 per cent".

There is little doubt that Body Shop is far more advanced in promoting ethical and green causes than most of its competitors - many of which have since emulated its lead. For example, it is one of a handful of companies to provide environmental data about its activities, through an annual "green book" which complies with new EU

guidelines on ecological management and auditing.

But Mr Adams' disillusionment with the company has come partly because he claims it has repeatedly refused to provide him with the detailed information that would allow him to examine its claims thoroughly. The ethical investment movement needs more. "People have taken a lot on trust," says Mr Adams. "The crux is to have independently verifiable information."

The company stresses that it is making improvements all the time. It has hired the former head of Oxfam's fair trading division in Canada to help develop its projects. It recently appointed non-executive directors. It is about to enshrine its chain of "values" in its official company memorandum of association.

Yet the company's critics have a broader concern. It is not that it may have failed on any one of the individual claims made by Entine or other critics, but that the company persistently appears to exaggerate its involvement in worthy

causes. "They take every positive aspect and promote it to the maximum extent," says Mr Adams.

Body Shop also plays down any negative information. For example, when news emerged this week that Entine's allegations included the claims that there had been "emissions" from its bottling and warehousing plant in New Jersey, Mr Roddick said there were, in fact, two spills of 30 gallons of shampoo two years ago, and the company notified the authorities immediately.

However, Hanover Sewage Authority, the local body charged with cleaning the water and monitoring standards, says it traced three spills caused by Body Shop in 1992-93, totalling at least 62 gallons. In each case, the authority detected the leaks and told the Body Shop.

What also irritates critics is the company's reluctance to accept any alternative point of view - and its eagerness to silence those who challenge it. The Channel Four libel action last year was one example.

Much of the ethical investment community has appeared reluctant to criticise Body Shop, partly because the Roddicks have long been involved with the organisations set up to examine and promote ethical causes within the business world and beyond.

"One of the problems is the desire of the ethical movement to seek champions," says Mr Adams. "It was a role that Anita was eminently fitted for. But you need a balance between champions and the development of systems."

Will the recent events make much difference to investors outside the narrow confines of the ethical movement, or to Body Shop's customers and therefore ultimately its financial performance?

Many observers say that adverse publicity about Body Shop's ethical standards may not drive away large numbers of customers. The overriding reason most shoppers buy Raspberry Ripple Bathing Bubbles and Camomile Shampoo is because they like the products - not because of Body Shop's environmental policies.

Ms Hilary Monk of Verdick, the retail research group, says customers in a recent survey ranked Body Shop's product quality well above that of other health and beauty retailers, and said it was their most important reason for shopping there.

But Mr Nick Hawkins, retail analyst at Kleinwort Benson, the merchant bank, says customers are reassured by the feeling that the products they are buying are environmentally friendly, and are prepared to pay more for them.

"Customers look through green-tinted spectacles at Body Shop's products. Take away the green specs, and you might have to take a bit of the price premium away," he says.

Any tarnishing of Body Shop's environmental image would make it more vulnerable to price competition. It would remove the group's main point of differentiation from imitators such as the "natural" and "global" collections launched by Boots in the UK, or Bath & Body Works, the US natural toiletries chain, which is expanding into Britain.

When asked whether the company would be changing as a result of the criticism, Angela Bawtree said simply: "It is business as usual." Yet for ethical investors at least, Body Shop may never be seen in the same way again.

MAN IN THE NEWS: Mexico's President Ernesto Zedillo

There were two victors in Mexico's presidential elections on Sunday. The official winner was Mr Ernesto Zedillo, a 49-year-old former budget and education minister who overcame his lacklustre image to pull off a convincing victory. The other, with as much at stake, was the current president Carlos Salinas. After one of the most traumatic years in recent Mexican history, he looks set to hand over power to his anointed successor after the cleanest ballot the country has known.

Mr Salinas, whose chances at landing the top job at the nascent World Trade Organisation have now risen considerably, insists that his successor deserves credit for the victory. "He presented a consistent, coherent and clear programme in a very intense campaign that got close to people," he said in an interview this week.

Asked for his judgement on the campaign, Mr Zedillo, betraying his training as a central banker, first qualifies his answer. "It's necessary to study what happened closely. My opinions are very preliminary and have no scientific basis." He goes on to credit the strong voter base of his Institutional Revolutionary Party (PRI) which has ruled Mexico for 65 years, the favourable popular evaluation of the Salinas government and the overall campaign. He mentions himself not at all.

Despite the continuity he has promised in economic policy, Mr Zedillo's style is strikingly different from his predecessor's. Mr Salinas, 46, son of a cabinet minister, is a scion of one of Mexico's leading political families. Mr Zedillo, the son of an electrician, rose through state schools to finish his education at Yale. He appears more introverted and modest than his predecessor, but often comes across as abrasive.

Mr Zedillo was chosen by Mr Salinas as the ruling party's candidate less than a week after the murder on March 23 of the president's first choice, Luis Donaldo Colosio. Having resigned from the cabinet to

Plodder with a prototype of reform

become Mr Colosio's campaign manager, Mr Zedillo was the only member of Mr Salinas's inner circle eligible for the nomination, serving ministers were barred from running under a constitution which states that, for a minister to contest the election, he must have resigned at least six months before polling day.

Mr Zedillo denies ever having an inkling that he would be president. He first considered the possibility "the day that I was nominated". But Mr Zedillo was reported to be the first to arrive at the presidential palace after the assassination, indicating that the thought of becoming president may not have been as far from his mind as he claims.

His nomination was opposed by members of the ruling party. A political loner, who counts the solitary pursuit of long-distance running as his hobbies, Mr Zedillo had few allies in the PRI, and some enemies. Most of his supporters in the government were those who like him had doctorates in economics from US universities.

But Mr Zedillo has faced criticism from a broader front. Mr Enrique Krauze, a prominent historian, last week described Mr Zedillo as being "an honourable man, an intelligent economist and a workaholic. Unfortunately he is also a man of narrow cultural horizons and vision".

Mr Krauze, like many Mexicans, was scornful of Mr Zedillo's effort when as education minister he revised Mexico's outdated school history textbooks. The new books were withdrawn after criticism that they diminished the role of Mexico's nationalist heroes, and were riddled with errors.

Mr Zedillo dismisses these criticisms as inventions of the chattering classes who are out of touch



with the real Mexico. "I say that there are two Mexicos. One Mexico of the common people. And a Mexico of the elites of Mexico City. The real Mexico is the first one, the one that is most representative."

Such a view of Mexican society appears to shape Mr Zedillo's approach to political affairs. He appears convinced that the importance of the New Year peasant uprising in Chiapas - in which several Mayan Indians seized half a dozen towns and declared war on the government of President Salinas - has been exaggerated by the national and foreign press.

"The people who spend all their time in Mexico, who understand its problems, have a more balanced vision of what is going on here."

Mr Salinas, for his part, concedes the Chiapas uprising pushed him

into making far-reaching democratic reforms, in an effort to undercut popular support for the rebels.

"The events of Chiapas might well have provoked a political clampdown, and it was an option that we had. But we decided the opposite, to open more to political competition and to advances in democracy. Taking the more democratic route was a greater risk. But better the risk of democracy than the risk of stalemate," said President Salinas.

With the election over, Mr Zedillo has promised to deepen the democratic reforms that Mr Salinas belatedly embraced. He says this is his central aim and one on which he is seeking a broad consensus with political opponents. Mr Zedillo said he will also co-operate with the opposition to advance reform of the

judiciary, wider social policies and further economic liberalisation. He has also pledged to make the organisation of the government, to push for more equal campaign conditions for political parties in future elections, a thorough reform of the PRI, and a devolution of powers to states and municipalities.

Many Mexicans are sceptical of these promises. They point to his expensive campaign, in which he far outspent the opposition, and the PRI-affiliated unions to compel workers to attend his rallies, as signs that his commitment to democracy is questionable.

If he proves his critics wrong and carries through his promises of democratic changes, Mr Zedillo will be voluntarily yielding powers which President Salinas used to the full. Mr Zedillo has implied that unlike his predecessor he will not pick PRI candidates for elected positions, nor fire state governors that have outlived their usefulness to him; he would give independence to the judiciary, and allow Congress powers to scrutinise legislation.

For some Mexicans, the manner in which Mr Salinas wielded presidential power, often with little regard for constitutional and legal constraints, is his most damaging legacy. By betting that economic growth would disarm political opposition, Mr Salinas "ignored the political side of the equation," says Mr Luis Rubio, a political scientist. "Many of the ways in which he solved problems were destructive of the institutions of the country."

For all the criticism of Mr Zedillo's plodding style, his supporters say that he is committed to strengthening Mexico's democratic, legal and local government institutions. This, says Mr Rubio, is just what it needs and would mark a fundamental change with the past. "It there's a prototype of the person to do this, it is Mr Zedillo."

Stephen Fidler and Damian Fraser

Are you leaving your heirs less tax more inheritance?

Naturally you want to leave all of your estate to your family or dependants or at least to someone of your choosing.

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And it gets worse: above £150,000 the rate is a flat 40%. At Towry Law we can help you make plans to reduce your liability and pass on your accumulated wealth to your chosen beneficiaries.

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Think what your house and investments are worth. And then think: I must get in touch with Towry Law today.

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The last time Cuban and US leaders sat down together was to celebrate the triumph of co-operation over conflict. The achievement, however, was not theirs. Under Pretoria's blue sky, Cuban President Fidel Castro and US Vice-President Al Gore, among others, shared the wonder of Nelson Mandela's inauguration as South Africa's first democratically-elected president.

In a year of handshakes between old enemies, the failure of the US and Cuban governments to end their cold war bickering has been an exception.

The flood of refugees leaving the island over the past two weeks and the US commitment to shelter them indefinitely, has once again exposed the anachronism of US Cuba policy and the domestic forces which shape it.

The Clinton administration last week came to terms with one consequence of a tough stance on Cuban immigration. It announced that in future Cubans were not going to be granted access to the US but would be detained at the country's naval base at Guantanamo Bay, Cuba.

Nevertheless people kept coming in increasing numbers and the US is having to prepare for a small city of Cuban refugees to be maintained until they can be repatriated.

When and under what circumstances that repatriation will take place is unclear. The last time US-Cuba relations approached anything like harmony was in 1934. Then the US agreed to drop its right to intervene in the country's affairs and, in return, had the lease on its Guantanamo military base reaffirmed.

President Clinton backs the trade embargo imposed on Cuba since 1963, following Castro's nationalisation of US land on the island, and, during the 1992 presidential elec-

Passionate talk, little action

James Harding explains domestic forces shaping US policy on Cuba

tion, was more enthusiastic than George Bush in backing the Cuban Democracy Act of that year. The act tightened the embargo by prohibiting overseas subsidiaries of US companies from selling goods to Cuba - but to increase the scope for a propaganda drive against the country allowed telecommunications links with the US.

Unlike other economic sanctions imposed by the US - against Iraq or former Yugoslavia for example - the strategic aim of the embargo on Cuba is unclear. Asked what Cuba must do to bring an end to the

In a year of handshakes between enemies, the failure of the US and Cuba to end their bickering has been an exception

embargo, Mr Clinton said only: "Mr Castro knows the conditions for changing that policy." State Department officials were equally vague; they wanted "demonstrated evidence of Castro's commitment to change".

One camp that does have a clear idea of what US Cuba policy should entail is led by Mr Robert Torricelli, Democratic Congressman from New Jersey and sponsor of the Cuban Democracy Act. He wants to force the collapse of the Cuban economy

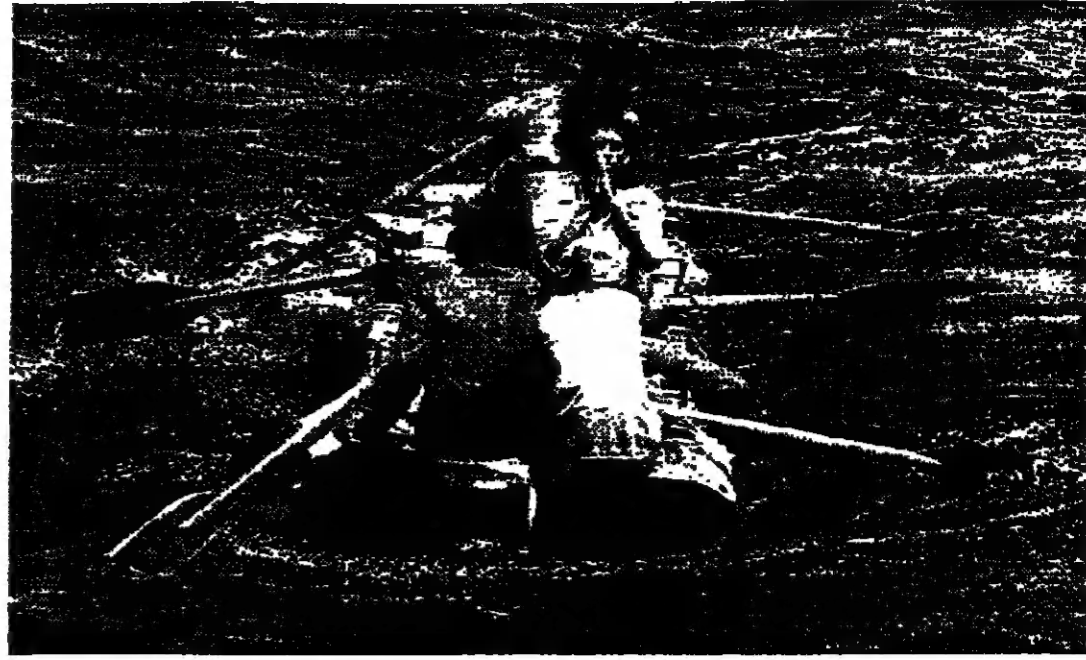
in the belief that, when conditions become intolerable, its population will rise up and overthrow their oppressor.

But the prospect of a mass uprising in a neighbouring country causes concern in Washington. The Central Intelligence Agency last year warned the president that serious instability on the island would have "an immediate impact" on the US, spilling as many as 80,000 refugees and embroiling him in demands for US military intervention.

There are also reports of dissent in the National Security Council, which co-ordinates foreign and military policy for the president.

On Capitol Hill, the embargo is also under attack. Senator Chris Dodd, the Connecticut Democrat, has criticised the inconsistency of negotiating nuclear issues with North Korea and granting China the commercial advantages of Most Favoured Nation status, but not talking to Cuba. He advocates exploring "the possibility of reaching some rapprochement".

The White House, however, is aware of dangers of softening its policy on Cuba. Mr Warren Christopher, US Secretary of State, was deputy secretary at the same department during the Carter administration that developed informal links with Havana - only to discover Cuba was sending 100,000 troops to assist the civil war in Ethiopia and to have Castro allow a flood of 125,000 Cubans to leave the



All at sea: ignoring advice to stay at home, a Cuban refugee prays while his fellow escapees row towards Florida

country for the US from the port of Mariel in 1980. The Mariel exodus was a contributory factor in Jimmy Carter's subsequent election defeat.

Mr Clinton too has his own scars from Mariel. After a riot at a Cuban refugee camp in Arkansas in 1980, the sentiment turned against the state governor who was blamed for playing host to the Cubans. Partly as a result, Governor Clinton lost his campaign for re-election in 1990.

More recently, Mr Clinton has realised the benefits of talking

tough on Havana. His support for the Cuban Democracy Act won funding and votes from the traditionally Republican Cuban American community in Miami. Florida is an important state for the Democrats; though Mr Clinton lost it narrowly in the 1992 presidential election (with 32.2 per cent of the vote to George Bush's 40.9 per cent) it will be a target in the 1996 contest.

More immediately, Florida's Democrat governor Lawton Chiles faces a strong challenge from Mr Jeb

Bush (son of the former president) in November's gubernatorial election - and Mr Chiles is keen to play the Cuban card for votes. Ten days ago he demanded federal action to help the state cope with the flood of Cuban immigrants, successfully pre-empting Mr Clinton's decision to slam the doors shut.

Similar political considerations would explain why Mr Clinton and Mr Chiles have kept Mr Jorge Mas Canosa, the Cuban American community's most prominent politician

and businessman, on board. Support from Mr Mas Canosa's Cuban American National Foundation, the community's most powerful lobby and strongest advocate of the embargo, will be an important consideration in November's congressional, as well as gubernatorial, elections.

Mr Charles Rangel, Democratic Representative from New York, says breaking with conservatives in the Cuban American community and opening talks with Havana to stimulate a free market and political democracy in Cuba would be proof of Mr Clinton's statesmanship.

Mr Clinton is unlikely to respond to such a challenge. Though the Caribbean is increasingly becoming Mr Clinton's equivalent to Ronald Reagan's central America, there still seems little political benefit from intervention. Among US voters, apathy is still more common than anti-communist decision when it comes to Cuba.

In the short term, the administration may just hope that the bad weather holds out long enough to deter people from leaving Cuba. If large numbers continue to come, Mr Clinton will probably look to his allies in the Americas and to the United Nations High Commissioner for Refugees to share the Cuban burden.

Democratic Senator Paul Simon of Illinois, who has supported calls for a dialogue, said on Thursday he feared that isolating one of the world's last revolutionary Communist strongholds was "a response to the national passion rather than the national interest". Two months away from Congressional mid-terms and a string of gubernatorial elections, satisfying that national passion by talking tough and doing little may well be the administration's priority on Cuba.

Kevin Done on the uncoupling of Benetton cars and Ford engines

In the brittle world of Formula One motor racing, the most surprising feature of the relationship between Benetton Formula and Ford was that it lasted so long. Benetton's announcement this week that it was renouncing Ford, its engine supplier for the past eight years, in favour of Renault, shocked only because the partnership appeared finally to have found the elusive winning formula this year.

The combination of a competitive chassis from Benetton, the most accomplished driver in the championship in Michael Schumacher, and a reliable - and this year more powerful - engine from Ford and its partner Cosworth, has brought seven victories in the first 10 races of the season.

On the grid of the Belgian grand prix at Spa Francorchamps tomorrow, the Benetton-Ford team will still be intact, with the unfinished business of winning this year's championship. Behind the pit lane, however, the machinations have already moved to 1995.

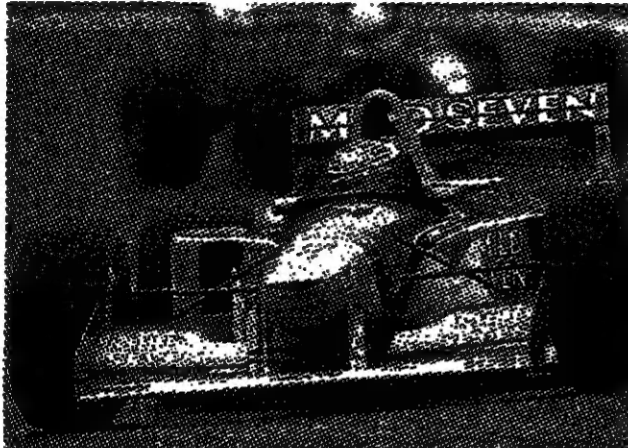
Renault's coup of agreeing two contracts within weeks of each other to supply engines for the next three years to both Benetton and Williams will be difficult to trump, but it remains to be seen how long the French carmaker can run with both the hare and the hounds.

Renault has won the world championship for the past two years with Williams, in 1992 with Nigel Mansell and last year with Alain Prost at the wheel, and it is desperate to remain on the winner's podium.

Ambition is naked in Formula One: there are no prizes for second place. The manoeuvring is ruthless. "The objective is to win grand prix and to be champion of the Commission," says Mr Patrick Faure, director of Renault Sport. "Our presence in Formula One is only justified by winning. Competition is increasing and it is necessary to give all our efforts to winning with the knowhow of Benetton and the talent of Michael Schumacher."

Such a statement is hardly

All change in the pits



Failed formula: Michael Schumacher driving a Benetton-Ford

likely to create a sense of ease in the Williams camp. Renault promises that both Benetton and Williams will receive identical works V10 engines next year, and that both will be treated as "works teams", but in practice it has probably already cooked up a recipe for high octane behind-the-scenes conflict.

The parting of the ways between Benetton and Ford was also the culmination of many months of growing unease. It is understood that Mr Jacques Nasser, then chairman of Ford of Europe, had warned Mr Flavio Briatore, flamboyant managing director of Benetton Formula, as long ago as last November that Ford was unwilling to continue supplying engines beyond 1994, unless the conditions of the alliance changed.

"After eight years, relations had worn thin," says one executive close to the team. "There were continual frustrations. You would like to have Michael Schumacher driving for you for the next five to 10

years. He is going to be a megastar, but the price was too high."

For the so-called "works team" in F1 the engine maker pays for the development and manufacture of the engine at its own cost. In return it gets access to joint R&D, representation, the prominent placement of its name, and endorsement

ments from drivers and team managers. Michael Schumacher assures the world that his favourite car really is a Ford Scorpio. The go-fast version of the Renault Clio becomes the Clio Williams.

Ford felt increasingly that it was being short-changed. Drivers were not always turning up for Ford events when promised, the Ford oval logo did not seem to get the proper prominence. One of Benetton's controversial advertisements featured a Mafia car-bomb explosion in Sicily. The car was recognisably a Ford Escort. 2,000 posters were pulled down in 48 hours when Ford Germany sounded the alarm.

Last year Ford's misgivings

were not being assuaged by success on the track. With full Ford backing as works team, Benetton managed only one victory. In contrast, Ron Dennis's McLaren team - no longer powered by Honda - found itself without a works engine. It paid for a Ford power unit and, with a lesser specification than Benetton's works engine, won five of 16 races with Ayrton Senna as driver.

There was also a growing sense of insecurity for Benetton. The US carmaker had been undergoing one of its periodic bouts of soul-searching over the level of its commitment to Formula One, and Benetton could not afford to be left stranded. In the event, Benetton has gone from success to success this year, and Ford has decided to maintain its F1 commitment, but too late to save the partnership.

One route could see Ford team up with McLaren. The world champion for seven of eight years between 1984 and 1991 - powered first by Porsche and then by Honda - has had a trying season with Peugeot, Renault's arch domestic rival. "The joke of the pit lane this season has been to guess on what lap the Peugeot engine will expire," says one rival team member.

The Ford package is attractive. Its V8 engine is currently powering the winning team. It has forged a fruitful, long-standing partnership with Cosworth Engineering, the Vickers subsidiary, which engineers and manufactures the engines, and its electronics resources match the best. The computer screens in the Ford telemetry truck behind the pits monitor the performance of its engines in real time.

"It's like having a runner in the London marathon lined up to a heart machine with doctors alongside to warn that you are about to have a systems failure, or you need more water or whatever," says a team executive.

For next season Ford must now find a new runner, while for the moment, at least, Renault has acquired Michael Schumacher, the hottest property in Formula One - as long as he goes on winning.

Bricks thrown at the mouse

UK amusement parks fear Lego more than Disney, says Michael Skapinker

When he became general manager of Thorpe Park in 1988, Mr Colin Dawson started wearing a Mickey Mouse watch to remind himself what he was up against.

He and his team at the Surrey-based theme park, like their counterparts elsewhere in the UK, watched the 1993 opening of Euro Disney nervously. Two years later, they take a more relaxed view of the Paris theme park, whose poor financial performance has brought it pages of bad publicity.

Mr Dawson, who still wears the Mickey Mouse watch, can afford a touch of Schadenfreude at Euro Disney's plight. He says: "I think their ego prevented them from seeing what some of the problems would be."

Despite the competition from across the Channel - Euro Disney attracts nearly 10m visitors a year - the UK's three largest theme parks all enjoyed record attendance figures last year.

Alton Towers, based in Staffordshire, saw attendance rise 5 per cent to 2.6m in 1993. This year's figure is expected to be higher, after the opening this spring of the Nemesis ride, which gives customers the feeling of weightlessness as it hurls them around Surrey-based Chessington World of Adventure - which, like Alton Towers, is owned by the Pearson group, publisher of the FT - had 1.5m visitors last year, up 28 per cent on the year before. Thorpe Park, a subsidiary of concrete producer RMC, received 1.3m customers, compared with fewer than 1.2m in 1992. While neither parent group releases profit figures for the parks, all three say their owners are happy with their financial performance.

In retrospect, they say the opening of Euro Disney may even have helped them. Ms Lesley Morrisett, Chessington's marketing manager, says the press and television coverage of Euro Disney helped to explain to British parents what a theme park was. Many had memories of the seedy seaside amusement parks of their youth. Euro Disney demonstrated to a wide audience that there was now something new on offer: clean, safe, well-run amusement attractions.

Some of the press coverage of Euro Disney mentioned that Britain also had theme parks worth visiting. Ms Morrisett says: "On balance, Euro Disney has done us a lot of good."

While Euro Disney introduced many Britons to the company's attractions, others already knew them well, having visited Disney parks in Florida or California. Ms Morrisett estimates that 20 per cent of visitors to Chessington have been to a Disney park. Their experiences of the US Disney attractions had already raised expectations of what a British theme park should offer.

The three large UK parks say that the Disney organisation has taught them



Thorpe Park: record number of visitors

much of what they know about grouping attractions in areas with different themes - such as Calamity Canyon at Chessington and Fantasy Reef at Thorpe Park.

Disney's influence can be seen in all three parks. Thorpe Park has been the most open in its adoption of Disney ways. Like Disney, it calls its employees "cast members". Its rules on employee appearance and dress sound similar to those in force at Euro Disney.

Thorpe Park's employee booklet says men's hair must be one inch above their collars at all times. It adds: "Tails of hair plaited with beads, step or graded hairstyles are not permitted. Extreme hair colours are not allowed." Unlike Euro Disney, Thorpe Park allows beards, provided employees grow them during the winter when the park is closed.

While the quality of the rides is high at all three parks, none is able to offer the

well-known characters that Disney can. Alton Towers had a mascot called Henry Hound, but Mr Jill Britton, the park's marketing director, says: "He has gone to the great dog kennel in the sky. He just wasn't strong enough." The park is now introducing Beatrix Potter characters instead.

There are other ways in which the UK parks fall short of the Euro Disney standard. None manages to be quite as clean as Euro Disney. Thorpe Park comes closest, but during a visit in early summer, parts of Alton Towers had litter which would not have been tolerated at the Paris park.

Mr Andrew Hollingsworth, Alton Towers' divisional director, says the litter problems are the result of staffing difficulties. The park has had problems this summer attracting employees: the park is closed in the winter and working only part of the year is not an attractive proposition for work-seekers at a time when the economy is improving.

The other two theme parks say they have no difficulty attracting staff for only part of the year.

The large student population in the south of England means there is a pool of people happy to work in the summer months. Chessington and Thorpe Park say they also have little trouble recruiting non-student employees in the spring and autumn.

The UK parks claim they have avoided two of the causes of Euro Disney's financial difficulties. First, unlike Euro Disney, they do not stay open in the winter. Mr Dawson dismisses Euro Disney's claim that the weather does not affect theme park attendance.

Second, the UK groups have not built hotels at the parks. Euro Disney has six, which it has struggled to fill. Alton Towers is building one 175-room hotel. Because 20 per cent of its visitors stay for two days, it says it should have no difficulty filling it.

There is something, however, that worries the two south of England parks: the planned opening of Lego World on the site of the former Windsor Safari Park in 1996. Lego, the Danish manufacturer of the toy building bricks, is basing the British park on its Legoland park in Jutland, which draws about 1.2m visitors a year. Lego World will be the company's first park outside Denmark. Like Thorpe Park and Chessington, Lego World is expected to appeal to day-trippers from the surrounding area.

Chessington has requested planning permission to expand its offerings to counter the threat from Lego. Mr Dawson has been to Lego's park in Denmark and was impressed by what he saw. Thorpe Park will have to work hard to hold on to its market. He says: "We're a lot more concerned about the arrival of Lego World than we ever were about Euro Disney."

EU state levy too burdensome

From Mr John Buchanan.

Sir, Emma Tucker ("Blank tape prices may rise if EU supports levy plan", August 18) was fairer than Mr Bickerton (Letters, August 24) suggests. But she quoted an interesting comment from the Commission to the effect "we shall try to harmonise the levy at a level that is not too exaggerated".

This is fine, but not matched by reality: the Commission is thinking of a 26.3 per cent rate on the trade value of audio tapes and 35.8 per cent on

video tapes. These rates, which average out at more than 39 per cent for audio and video tapes together, contrast with 3 per cent in the US and Japan.

The EU is sometimes criticised for shooting itself in the foot by placing heavy burdens on its own industries. This would be a classic example. John Buchanan, European Tape Industry Council, B-1040 Brussels

Banks must pre-notify on charges

From Mr Locksley Ryan.

Sir, There has been much comment in recent weeks regarding the banks' standards of charges and service (Editorial: "Bank raids", August 23, "Brown pledges to curb bank charges", August 22). Some of that comment is justified, but not all. No bank should be complacent about the level of service it offers and all should strive constantly to improve. Unlike the rest of the commercial market, most banks do not notify customers before a charge is made. Naturally, cus-

tomers would prefer not to pay charges at all, but our research shows that by notifying them before the amount is debited many problems are overcome.

TSB was the first to introduce pre-notification of all charges in February. Others are now doing so. Little attention has been paid to the benefit to customers of pre-notification. All banks must rectify this if we are to avoid the criticism of charging practices. Locksley Ryan, TSB Group, London EC3V 9DN

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Big enough to deliver - small enough to care

From Mr Richard Good.

Sir, I read the editorial "England's local shambles" (August 25) with great interest. It is sad that the British trait of resistance to change at all costs once again rears its head.

As an employee of local government at county and district level for many years, I am all too aware of the shortcomings of the present two-tier system that breeds inefficiency, lack of accountability and duplication of service provision. This system does not best serve the needs of our customers - the

council tax and business rate payers. The opportunity was missed in 1974 to dispatch this archaic system to the history books, primarily as a result of political desire to retain control through the shire counties. If the opportunity to introduce unitary authorities is again squandered, then the public who pay the cost cannot subsequently complain if these inefficiencies continue.

Most of the businesses with which I deal are aware of the frustrations and inconsistencies that result from the need

to negotiate their way around two authorities, whether they wish to seek financial support, achieve planning permission, require information on current legislation or avoid falling foul of conditions and constraints imposed differently at county and district level. They see the way local decisions and local accountability works in the US and Europe, and often seek to invest overseas rather than become trapped amid this confusion.

In all situations the cost of change is easily quantifiable

and the potential financial benefit can only be a projection. To use that as an argument not to make progress and introduce change would have resulted in the retention of mud huts, bows and arrows, and horses as a means of transport. Let us grasp the nettle and introduce a unitary system of local government that is efficient and serves the needs of the people who pay the bills.

Richard Good, chief executive officer, Mansfield district council, Nottinghamshire NG15 1BE

The more things change, the more they stay the same...

From Mr Mark Barrett.

Sir, A number of newspaper reports have recently made reference to "compassion fatigue". Certainly there are times when the world's problems seem too large fully to contemplate. But perhaps the

tragedy that unites all the tragedies is our inability to learn from what has gone before. I read in the past few days:

"To hinder insurrection by driving away the people, and to govern peacefully by having no subjects, is an expedient that

argues no great profundity of politics. It affords a legislator little self-applause to consider that where there was formerly an insurrection, there is now a wilderness."

Rwanda - obviously. No! - Samuel Johnson com-

menting on the tribal and class-based conflicts that led to a mass exodus from Scotland in the 18th century.

Plus ça change, plus c'est la même chose. Mark Barrett, West Midlands BT1 4BE

Three or more easy, democratic ways to reform the House of Lords

From Mr Andrew Barnard.

Sir, Roland Rudd's article, "Time to go, m'lords" (August 25), argues that there is no democratic alternative to outright abolition of the House of Lords.

Yet as the article explains, the main problem is that peerages are determined largely by birth.

So wouldn't the most appropriate response be to recruit peers on a more equitable basis?

Ideally, perhaps, anyone who wanted to sit in the Lords should be given a peerage. Such a reform would be impeccably democratic. It would also offer prime ministers a wealth of talent from which they could select their cabinet ministers.

Unfortunately, stricter selection criteria might be needed to keep down running costs.

One solution, which is similar to Tony Benn's proposal, would be to offer a peerage to anyone who supported government policies.

However, this would not be so democratic and there might be an insufficient number of applicants.

The market solution would be to hold competitive auctions for peerages, which could become a useful source of public finance. Lloyd George is alleged to have experimented along these lines.

A more modern approach might be to privatise peerages so as to diminish the scope for political influence.

But would there be enough MPs prepared to free the Lords from the dead hand of the state?

My suggestion would be to set an age threshold for new peerages. Anyone reaching an appropriate age - say, 95 - would be automatically elevated to the Lords on their birthday.

It would be interesting to see whether anybody noticed the difference.

Andrew Barnard, Brussels 1040, Belgium

COMPANY NEWS: UK

Largest MBO since Gardner Merchant in 1992

BP sells nutrition business for \$425m

By Robert Corzine and Richard Gourlay

British Petroleum yesterday capped a two-year effort to dispose of its nutrition business when it sold the bulk of its remaining interests for \$425m (\$274m), in the largest management buy-out since 1992.

The sale means that BP has realised about \$1.5bn in disposal proceeds since it announced its withdrawal from the nutrition industry two years ago in a move to cut debt and return to its core oil and gas business.

The buy-out, which is jointly led by CINVen and Baring Capital Investors, is the largest since the purchase of Gardner Merchant, the contract catering company, from Forte in 1992.

Companies included in yesterday's sale are centred around the Dutch Hendrix group, which BP bought in 1978. The new company, Nutreco, will retain the existing management team led by Mr Richard van Wijnbergen, chief executive. It has 30 operating companies throughout Europe and the Americas, employs 5,700 people and will have a new headquarters at Boxmeer in the Netherlands.

About two thirds of Nutreco's \$2.3m of sales is in its animal feeds business, a mature market where the company is involved in a straight fight for market share.

The other third of the business is in what CINVen believes is the growth market supplying fish feed, an area that will benefit from growing demand for fish. It operates salmon farms in Canada and Chile.

BP is being paid \$425m, but the venture capitalists are rais-



Richard van Wijnbergen: continues as head of management team

ing an additional \$125m for a working capital facility.

CINVen says the proportion of debt in the deal is in line with the market norm - a debt to equity ratio of between 1-to-1 and 2-to-1 - although it appears to be higher given the large working capital facility.

BP Nutrition still has a Thai shrimp farming operation and a US fish trading arm which it wants to sell, but yesterday's disposal marks its effective withdrawal from the sector.

BP's interest in nutrition began in the late 1970s, when it became involved in a process to turn oil residues into animal feeds. It came at a time of high oil prices and a trend among oil companies to diversify.

The acquisition of Hendrix in 1979 for about \$60m formed one of two main pillars of BP's nutrition division. The other was the purchase in 1986 of Purina Mills, the largest US

animal feeds group. It was sold last year to a management group for \$425m.

The consumer products group within the division was also bought out by its managers last year for \$250m, while the European pet foods part of the business went to Dalgely, the food and agricultural supplies group, for \$42m.

BP yesterday said there was no sense of failure associated with the company's diversification into nutrition. It emphasised that there had been no write-downs on any of the transactions. Two years ago some analysts had predicted that BP might struggle to find buyers for the businesses.

Disposal proceeds this year now total about \$1bn, compared with a target of between \$1bn and \$1.5bn. The final figure is likely to be in the middle of that range, according to company officials.

Circulation of Body Shop article restricted

By Andrew Jack

The US magazine due to publish a critical article on Body Shop International next week will not distribute copies in any Commonwealth country in an attempt to avoid British libel laws.

Speculation about the contents of an article in *Business Ethics*, the Minneapolis-based magazine, and articles expected to be printed in other publications has helped trigger controversy around Body Shop over the last few days.

Business Ethics said yesterday that it was going ahead with its plans to carry the article, written by Mr Jon Entine, a US journalist, on Thursday.

It has refused requests from Body Shop, as well as many journalists and other organisations, to see copies of the article before publication.

However, it is believed to have decided to prevent circulation in any of the countries of the Commonwealth after seeking legal advice.

The US constitution prevents any attempt to obtain an injunction to forbid publication of the article in advance.

The magazine, with a distribution of about 14,000, published a highly positive piece on Mr Anita Roddick and the Body Shop two years ago.

It says that next week's article "does raise questions about the Body Shop's policies and practices" but does so "in a fair and balanced way" with supporting documentation.

Body Shop's shares closed down 3p at 218p yesterday. They were 242p on Thursday a week ago before details about the articles began to emerge.

Deregulation row casts doubts over Dairy Crest flotation

By Michael Smith

The Milk Marketing Board yesterday appeared to rule out an early flotation of its Dairy Crest subsidiary.

Speaking after Thursday's talks with the government on the industry's deregulation, Mr Andrew Dare, MMB's chief executive, said he thought that floating the dairy foods arm before November would mean working towards an extremely tight timetable.

There had until recently been hopes that a sale could be achieved by November 1, when the deregulation of the industry is due to be effected.

However, the row over deregulation has convinced many within the industry that a flotation is unlikely this year and may not happen at all.

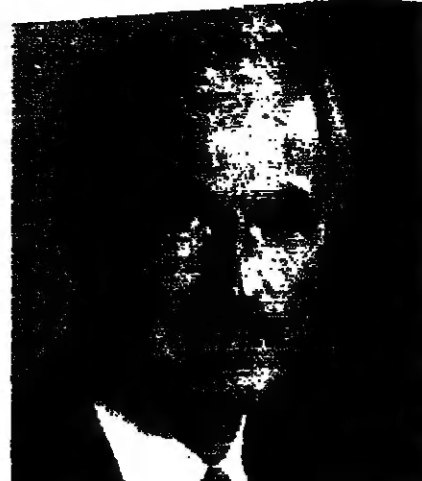
Some analysts believe that the uncertainty and the rise in prices that the Dairy

Trades Federation is protesting about will increase the chances of a management buy-out at Dairy Crest, valued by some analysts at more than £50m.

However, a likely fall in profits this year - last year it made £38.8m at the operating level - will depress the potential proceeds if a flotation is made in the near future.

Thursday's government talks between the Dairy Trades Federation and the MMB, soon to be replaced by a voluntary co-operative of dairy producers called Milk Marque, ended with Mr William Waldegrave, the agriculture minister, promising to consult with his ministerial colleagues.

The DTFF has threatened to take the government to court over the deregulation and Mr Waldegrave has said a referral to the Monopolies and Mergers Commission cannot be ruled out.



Andrew Dare: early float would mean working towards a tight timetable

BM to reduce debt via £17m disposal

By Peggy Hollinger

The prospect of a rights issue this year to complete the revival of BM Group, the engineering company in refinancing talks with its bankers, receded yesterday as the group announced the surprise sale of its dumper truck manufacturing business.

BM had been widely expected to announce a £20m rights issue as part of the refinancing. The sale of Benford to Powerscreen, which makes screening and stone-crushing equipment, for a net \$17m in cash and shares now makes a rights issue to reduce debt unnecessary. However, BM could still call on shareholders

next year for funds to expand its ongoing businesses.

Mr Cliff Walker, chief executive, said the group would "not shy away" from a cash call if the appropriate opportunity arose. "I can see a situation, once the right acquisition is in our sights, where we may need to return to shareholders."

BM almost collapsed last year from the effects of the £60m acquisition in 1990 of Blackwood Hodge, the construction equipment distributor, which it has been estimated, has cost BM up to £100m. It is considering possible litigation against Hambros, the merchant bank which recommended the purchase.

Under new management, vir-

tually all of the Blackwood Hodge businesses have been sold or closed down. As part of the restructuring programme in 1993, which guaranteed bankers' support for short-term finance to the end of this December - the group pledged to withdraw from distribution and reduce the £120m debt.

The disposal announced yesterday, combined with the sale of a US distributor in July, will cut some £28m from the £65m debt to be announced at the annual results in October. Net assets are estimated to be about £70m, including a £31m pension fund surplus.

BM will receive £12.8m in cash and 1.4m Powerscreen shares with a guaranteed dis-

posal value of at least \$4.3m. The cash will be used to eliminate the £12.9m intercompany loan from BM to Benford. BM is expected to take a £1.1m write-down on the disposal.

Mr Walker said BM expected more than \$4.2m from the sale of the shares over a six to nine-month period.

BM has written to shareholders reassuring them of its commitment to its other core industrial machinery manufacturing businesses.

Mr Walker also said the refinancing talks were progressing well and an announcement was hoped for soon. BM is expected to sell at least one of the last three small Blackwood Hodge businesses shortly.

Sunleigh rises 30% to £270,000

Sunleigh, the leisure products company, reported pre-tax profits up by 30 per cent from £208,000 to £270,000 for the six months to end-June.

The outcome was struck on turnover down from £8.94m to £7.98m, although last year's figure included £283,000 from discontinued operations.

Earnings per share increased from 0.05p to 0.12p, reflecting the lower proportion of group profits derived from Gavel, in which there is a 36 per cent minority shareholder. The £17.5m acquisition of MacLaren Group, the push-chairs maker, was completed on June 30, when the shares gained a full listing.

Baldwin cuts seasonal deficit

Baldwin, which has interests in four operating restaurants, printing and property, reduced its pre-tax losses from £2.25m to £2.17m in the half year ended April 30.

Mr David Landan, chairman, said that as in previous years the deficit was a direct result of the group's accounting policy and the seasonality of

the four operating divisions. Group turnover advanced to £11.4m (£9.41m) reflecting both organic growth and a full six month trading from the restaurant division, he said.

During the second half the restaurant side should benefit from the refurbishment programme, the elimination of 10 loss-making units and the grow-

ing popularity of the Simpsons restaurants.

He said all indications were that the group was heading for a record performance in the current period. Profits were £2.83m pre-tax for the year to last October.

Despite losses per share of 7.57p (7.83p) the interim dividend is held at 1.6p.

Mallett up despite difficult conditions

Despite "difficult" trading conditions, Mallett, the New Bond Street art and antique dealer, reported pre-tax profits of £501,000 for the half year to June 30, an increase of 22 per cent on the comparable £409,000.

The company attributed the

upturn, achieved despite an 11 per cent contraction in turnover to £4.59m (£5.13m), to it selling more of its own stock.

Last time, a higher than usual proportion of sales were on a commission basis.

The second half had started

Higher interest income keeps Pegasus in black

A fall from £1.02m to £68,000 in pre-tax profits was announced by Pegasus Group, the USM-quoted accounting software designer, for the half year to June 30.

The outcome reflected reorganisation within the group, Mr Jonathan Hubbard-Ford, chief executive, said, with the results last time benefiting from a contribution from the forms business, sold for £8.98m in September 1993.

Operating losses amounted to £138,000, compared with £297,000 profits, which included £807,000 from discontinued activities. However, the pre-tax figure was after net interest

receivable of £204,000, up from \$80,000.

Turnover fell to £2.36m, against £5.3m which included £1.79m from discontinued operations. There were "substantial revenues" last time from the release of the Senior Version 6 upgrade, Mr Hubbard-Ford said.

During the half year the company's focus had remained on product development. Plans for modernising and extending the range of products were now finalised, the chief executive added.

Earnings per share slipped to 0.7p (9.4p); the interim dividend is held at 2p.

New London reduces losses to \$3.25m

New London, the oil industry services company, reported sharply reduced pre-tax losses of \$3.25m (\$2m) for the year to March 31, against \$23.7m.

The result was achieved on turnover halved at \$71.5m (\$135.9m), which included \$46.6m from discontinued activities. Pre-interest losses were \$3.96m (\$20.2m) including \$1.8m from discontinued activities.

Net interest charges fell from \$3.65m to \$293,000. Losses per share were 3.3 cents (23.2 cents).

Mr Paul Kesterton, chair-

man, said the year was affected by the disposal of International Drilling Fluids to Schlumberger which was completed on September 1. The result included a five months' contribution from IDF and was struck after a loss on disposals of \$12.2m offset by a prior year provision of \$12.3m.

The total consideration for IDF was \$11.4m plus the acceptance of \$30m of bank debt. During the period New London also paid \$10m and 12m shares to Electra Private Equity Partners to repay debt and deferred interest.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Baldwin	1.6	Oct 31	1.6	-	3.5
Bratne (TFS-H)	2.6	Oct 5	2.25	-	8.75
Pem Claverhouse	1.25	-	1.25	-	6.5
Mallett	0.75	Oct 14	0.5	-	3
Pegasus	2	Oct 28	2	-	5

Dividends shown pence per share not except where otherwise stated. YON increased capital. USM stock. Second interim, makes 2.5p to date.

Bridging the culture gap between west and east

TI Group hopes to gain entry to the Chinese market by forming links in Singapore, reports Andrew Baxter



TACKLING ASIA'S TIGERS

With sales of \$100m and 2,000 employees in its own or associated companies across the Asia Pacific, TI Group is no stranger to the region. But it recognises the advantages of a helping hand to develop its position still further.

In February, it found one in the shape of Sembawang Group, a big Singapore-based industrial conglomerate in which the Singapore government indirectly holds a majority stake. The two companies signed a memorandum of understanding to develop business opportunities together in the region, focusing initially on Singapore and China.

As such, the deal represents yet another recent initiative by a UK engineering company to tackle the booming regional market. But by linking with Sembawang, TI is also participating in the regional thrust which the Singapore government is encouraging among local companies.

TI's businesses have long been active in the region. The John Crane seals business established its first operations there 27 years ago, and its seven-year-old joint venture in Tianjin is China's largest seals manufacturer. Bundy, which makes automotive tubing and systems, has a number of ventures in the region and both the TI companies are well-known names.

The newest addition to the TI fold, Dowty, has the region's only independent service and repair facility capable of handling landing gear from wide-bodied jets. Recently expanded, it is close to Singapore's Changi airport.

TI believes the region offers strong growth opportunities for all three of its core businesses, and in recognition of this has created a new full-time post of executive director - Asia Pacific. This kind of post has rapidly become a typical feature of UK engineering companies' approach to the region.

The first incumbent, Mr Mark Ellsmore, took up the post in May, to pursue the Sembawang initiative and ensure group resources are allocated to other strategic opportunities in the region.

At first glance, the TI-Sembawang group would seem to bring together two very odd bedfellows - a tightly-focused UK specialist engineer and a huge industrial conglomerate with interests ranging from shipbuilding to warehousing.

But there are striking similarities in the energetic qualities of the deal's two architects - Sir Christopher Lewin, TI's chairman, and Mr Philip Yeo, who is chairman both of Singapore's influential Economic Development Board and Sembawang Group. Successful meetings between the two men in London and Singapore clinched the deal.

Now the deal is completed, it is up to top executives in the region to make it work. One of them is Mr John Wilson, president of Singapore-based John Crane Asia Pacific.

"We have knowledgeable people here, and all three divisions have exposure to China," he says. "But the link-up with Sembawang gives us extra knowledge and a different approach to the market."

"We are able to draw on a pool of Chinese speakers. And Sembawang are able to take an objective view of our businesses, because they are not experts in them. We bring that expertise."

Singaporeans are very acceptable in all parts of China, he says, not only because they speak Mandarin, but because Singapore is seen as a success achieved by ethnic Chinese people.

On top of that, the Chinese business culture is very different from that of Taiwan, Hong Kong or Singapore, he says. *Guangxi* - the Chinese for relationships, contacts, networking - was important throughout the business world but probably more important in China than any other aspect of doing business, and establishing such relationships was easier between Chinese.

Mr Chun Loong Lai, president of Sembawang Industrial, agrees that knowing the culture and the language helps bridge the gap between west and east. "We have proven that we can convert western technology and management systems into the regional environment, and are able to guide the western company and the receiving party for the technology in the region," he says.

The close working relationship between TI and Sembawang is functioning well, and in its early days is focusing very much on China, as discussions on activity in Singapore are still in an embryonic stage, says Mr Wilson.

None of the projects can be identified yet, but the collaboration with Sembawang is aimed at allowing John Crane to expand its operations in China into other industrialised provinces beyond the Tianjin region, while Bundy wants to enter the Chinese automotive market in conjunction with Sembawang.

Executives from Bundy and Dowty could become part of the deal at some time in the future, says Mr Wilson.

But neither TI nor Sembawang has unlimited resources,



John Wilson: all three divisions have exposure to China

mechanical seals in China, and of automotive tubing systems by Bundy - which needs to manufacture close to its customers so that it can deliver its brake and fuel line systems on a "just-in-time" basis.

In Bundy, says Mr Lai, "TI has one of the top names in tubing, and the automotive industry in China is growing. It makes sense to examine the business, bring the parties together, and participate with them in going into China."

Both sides stress that the agreement does not limit them to China and Singapore, and Dowty could become part of the deal at some time in the future, says Mr Wilson.

But neither TI nor Sembawang has unlimited resources,

and a focused approach to a manageable number of projects, rather than a large number of shallow collaborations on a broad front, is important and necessary, he says.

"We've picked a handful of projects where we believe we can be winners, he says. Once we've got a couple of successes under our belts, who knows where it will go?"

Mr Lai suggests one result of the collaboration could be a TI design centre in Singapore, which would attract Singapore tax incentives.

Mr Wilson believes both John Crane and Bundy are ahead of their competitors in exploiting the Chinese market.

"There are no other international mechanical seal compa-

nies with substantial joint ventures in China," he says. "It was a somewhat enlightened view in 1987 by TI to go into the venture, which had taken four years to negotiate."

Bundy's competitors in China are mainly Japanese companies, which are "settling around," says Mr Wilson. But in a customer-led business Bundy has a strategic advantage as most of the foreign car manufacturers in China are European or US, which know Bundy well. With Sembawang, Bundy has visited Volkswagen, Citroen and Peugeot plants in China, says Mr Lai, and more visits were planned.

Even with this strong position, the deal with Sembawang would enable TI to move its plans forward faster and more effectively, particularly in China, says Mr Wilson.

In any case, though, he believes both TI divisions can achieve growth in the region significantly ahead of average GNP growth of 7 per cent. "A number of developing markets are moving from lower to higher technology, which is good for our products," he says.

In seals, environmental issues and the need for greater efficiency and consistency in process industries makes mechanical seals increasingly preferable to the cheaper packings, while Bundy has not only the lure of serving the region's automotive industries but, subsequently, the prospects of supplying tubing to the region's refrigerator industry.

Economic growth suggests this will grow rapidly - after a TV, a refrigerator is the next thing that gets bought by households as living standards rise, says Mr Wilson. Previous articles in this series appeared on August 5, 12, 17 and 22.

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COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

New York buying lifts coffee

A strong opening at New York's Coffee, Cocoa & Sugar Exchange helped to lift the London coffee futures market out of its pre-holiday lethargy yesterday.

The November delivery position at the London Commodity Exchange leapt more than 100 in the afternoon as the transatlantic rise was fuelled by roaster buying. At 11.57 on the day, the New York week in late trading the New York December position was up 13.45 on the day at \$2.11 a pound.

A strong rally that added \$257 in the LCE November price on Monday and Tuesday had petered out in mid-week as continuing speculation over the dry weather persisting in Brazilian growing regions prevented the sellers from getting the upper hand.

Selling was also discouraged by the publication on Thursday of the Brazilian crop estimate. It cut its estimate of the 1994 crop, lowering it from 2.5 million tonnes in June and July, by 100,000 tonnes to 2.4 million tonnes.

New York traders attributed yesterday's dramatic rise in heavy investment fund and speculative buying as stop-loss buying orders were triggered by the market's position's move above the \$2.00 level.

"There is clearly increased money coming into the market," said one London trader. "It looks like the aim of the initial push was to finish off the shorts and all stops... The market is now anticipating a rise in the fourth quarter demand."

Another trader told Reuters that there appeared to be some short-covering in the market and suggested that more stop-loss buying might be triggered above 210 cents.

Coffee's sudden break-out helped cocoa prices and a lacklustre week on a more constructive note. "There appears to be some sympathy buying from coffee," said the CSCE trader said.

The LCE's November futures position gained 225 yesterday at \$1.059 a tonne, but that was still 215 down on the week.

At the London Metal Exchange, base metals contracts were mixed.

The exception was copper, which closed at \$2,427.50 a tonne, up \$13.50 on the day and \$20 on the week, for three months delivery and then moved on to \$2.44 in hours trading.

As with most of the buying began in New York and in speculation. It was later in the day that Chinese interest, short-covering and stop-loss orders.

"There's no news," one London trader told Reuters. "It looks like the aim of the initial push was to finish off the shorts and all stops... The market is now anticipating a rise in the fourth quarter demand."

Richard Mackay

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antwerp Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close	1485-5	1512-5
Previous	1485-5	1512-5
High/Low	1485-5	1512-5
AM Official	1485-5	1512-5
Karb close	1485-5	1512-5
Open int.	273,370	1513-4
Total daily turnover	273,370	1513-4

ALUMINIUM ALLOY (\$ per tonne)

Close	1550-5	1550-5
Previous	1550-5	1550-5
High/Low	1550-5	1550-5
AM Official	1550-5	1550-5
Karb close	1550-5	1550-5
Open int.	2,384	1550-7
Total daily turnover	2,384	1550-7

LEAD (\$ per tonne)

Close	575-5	592-3
Previous	575-5	592-3
High/Low	575-5	592-3
AM Official	575-5	592-3
Karb close	575-5	592-3
Open int.	574.5-5.5	591.5-2.5
Total daily turnover	574.5-5.5	591.5-2.5

NICKEL (\$ per tonne)

Close	5905-15	5990-5
Previous	5905-15	5990-5
High/Low	5905-15	5990-5
AM Official	5905-15	5990-5
Karb close	5905-15	5990-5
Open int.	5905-15	5990-5
Total daily turnover	5905-15	5990-5

TIN (\$ per tonne)

Close	5280-50	5305-00
Previous	5280-50	5305-00
High/Low	5280-50	5305-00
AM Official	5280-50	5305-00
Karb close	5280-50	5305-00
Open int.	5280-50	5305-00
Total daily turnover	5280-50	5305-00

ZINC, special high grade (\$ per tonne)

Close	985-4	995-7
Previous	985-4	995-7
High/Low	985-4	995-7
AM Official	985-4	995-7
Karb close	985-4	995-7
Open int.	985-4	995-7
Total daily turnover	985-4	995-7

COPPER, grade A (\$ per tonne)

Close	2417-0	2427-8
Previous	2417-0	2427-8
High/Low	2417-0	2427-8
AM Official	2417-0	2427-8
Karb close	2417-0	2427-8
Open int.	2417-0	2427-8
Total daily turnover	2417-0	2427-8

LME Warehouse Stocks

Aluminium	10,075	2,450,200
Copper	4,000	20,000
Nickel	4,000	20,000
Tin	4,000	20,000

There is clearly increased money coming into the market...

Richard Mackay

Precious Metals continued

GOLD COMEX (100 Troy oz; \$ per oz)

Close	323.7	323.7
Previous	323.7	323.7
High/Low	323.7	323.7
AM Official	323.7	323.7
Karb close	323.7	323.7
Open int.	323.7	323.7
Total daily turnover	323.7	323.7

PLATINUM NYMEX (50 Troy oz; \$ per oz)

Close	470.5	471.2
Previous	470.5	471.2
High/Low	470.5	471.2
AM Official	470.5	471.2
Karb close	470.5	471.2
Open int.	470.5	471.2
Total daily turnover	470.5	471.2

PALLADIUM NYMEX (100 Troy oz; \$ per oz)

Close	133.5	133.5
Previous	133.5	133.5
High/Low	133.5	133.5
AM Official	133.5	133.5
Karb close	133.5	133.5
Open int.	133.5	133.5
Total daily turnover	133.5	133.5

SILVER COMEX (100 Troy oz; \$ per oz)

Close	13.5	13.5
Previous	13.5	13.5
High/Low	13.5	13.5
AM Official	13.5	13.5
Karb close	13.5	13.5
Open int.	13.5	13.5
Total daily turnover	13.5	13.5

ENERGY

CRUDE OIL NYMEX (42,000 US gal; \$ per barrel)

Close	17.75	17.75
Previous	17.75	17.75
High/Low	17.75	17.75
AM Official	17.75	17.75
Karb close	17.75	17.75
Open int.	17.75	17.75
Total daily turnover	17.75	17.75

HEATING OIL NYMEX (42,000 US gal; \$ per barrel)

Close	17.75	17.75
Previous	17.75	17.75
High/Low	17.75	17.75
AM Official	17.75	17.75
Karb close	17.75	17.75
Open int.	17.75	17.75
Total daily turnover	17.75	17.75

GAS OIL NYMEX (42,000 US gal; \$ per barrel)

Close	17.75	17.75
Previous	17.75	17.75
High/Low	17.75	17.75
AM Official	17.75	17.75
Karb close	17.75	17.75
Open int.	17.75	17.75
Total daily turnover	17.75	17.75

There is clearly increased money coming into the market...

Richard Mackay

GRAINS WITH OIL SEEDS

WHEAT LCE (\$ per bushel)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

WHEAT COT (\$ per bushel)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

MAIZE COT (\$ per bushel)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

BARLEY COT (\$ per bushel)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

There is clearly increased money coming into the market...

Richard Mackay

SOFTS

COFFEE LCE (\$ per 100 lbs)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

COFFEE COT (\$ per 100 lbs)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

COFFEE COT (\$ per 100 lbs)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

There is clearly increased money coming into the market...

Richard Mackay

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs; \$ per cwt)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

LIVE HOGS CME (40,000 lbs; \$ per cwt)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

PORK BELT CME (40,000 lbs; \$ per cwt)

Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Karb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

There is clearly increased money coming into the market...

Richard Mackay

LONDON TRADED OPTIONS

Strike price \$1.00 - Calls - Puts

Aluminium	10.25	10.25
Copper	10.25	10.25
Gold	10.25	10.25
Nickel	10.25	10.25
Tin	10.25	10.25
Zinc	10.25	10.25

There is clearly increased money coming into the market...

Richard Mackay

LONDON SPOT MARKETS

CRUDE OIL FOB (\$ per barrel)

Close	17.75	17.75
Previous	17.75	17.75
High/Low	17.75	17.75
AM Official	17.75	17.75
Karb close	17.75	17.75
Open int.	17.75	17.75
Total daily turnover	17.75	17.75

There is clearly increased money coming into the market...

Richard Mackay

WEEKLY PRICE CHANGES

For 1000 unless otherwise stated. P = Pence; C = Cents; S = Shillings

Commodity	Unit	Price	Change
Gold per troy oz	1000	323.7	+0.2
Silver per troy oz	1000	13.5	+0.1
Aluminium 99.7% (cash)	1000	1485.5	+0.5
Copper Grade A (cash)	1000	2417.0	+13.5
Lead (cash)	1000	575.5	+0.5
Nickel (cash)	1000	5905.15	+15.0
Zinc SHG (cash)	1000	985.4	+0.4
Tin (cash)	1000	5280.50	+0.5
Cocoa Futures Dec	1000	1550.5	+0.5
Coffee Futures Nov	1000	10.25	+0.05
Sugar (LDP) Nov	1000	17.75	+0.05
Barley Futures Nov	1000	10.25	+0.05
Wheat Futures Nov	1000	10.25	+0.05
Cotton Futures Nov	1000	10.25	+0.05
Wool (40s) Nov	1000	484.0	+0.5
Oil (Brent Blend)	1000	17.75	+0.5

For 1000 unless otherwise stated. P = Pence; C = Cents; S = Shillings

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For 1000 unless otherwise stated. P = Pence; C = Cents; S

Equity Shares Traded

	FT-SE 100 Index	
-17.6	Closing index for Aug 26....	3265.
-13.8	Change over week	+73.
12.88	Aug 25	3234.
3.58)	Aug 24	3205.
-22.5	Aug 23	3175.
0.07)	Aug 22	3171.
62.0	High*	3265.
8.63)	Low*	3161.
2.36)	*Intra-day high and low for week	

■ CHIEF PRICE CHANGES

Other analysts felt the good performance was simply a catch-up after recent weakness.

Andrew Wyrzyk was up 11 1/2 to 78p, with Balfour up 1/2 to 44 1/2 and Weyerhaeuser up 4 1/2 to 164p. Building materials companies had a good day, with Caradon the strongest performer, rising 11 to 115p to reasonable value of 1.04.

Analysts were divided about Caradon's fundamental values - doubts still exist over the

performance of the Pullar subsidiary and the margin squeeze

at its US cheque printing operation - but the move is looking for a further rise of between 10 and 15 pence.

Tarmac, up 2 to 250 was another high volume trader, reaching 5.1m in heavy trading from the US.

Blue Circle was up 15 to 200, and Redland, a strong performer yesterday, was up 10 to 210.

from **1947** and Redland, a **1947** performer yesterday. **1947** 110 1/2

Nat. further ■ ■ 545p.

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Equity	128.5	138.3	+7.58
Property	124.6	131.2	+5.30
International	149.3	157.2	+5.29
Japanese	136.7	142.9	+4.53
Asia Pacific	185.8	195.4	+5.11
European	135.1	142.5	+5.40

1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308
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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Aug 26)

(Dollars)

NYSE

NASDAQ

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WORLD STOCK MARKETS

AMERICA

Dow surges on economic growth data

Wall Street

After pausing for a day, the Dow Jones Industrial Average rose 3.88, led by cyclical stocks, as favourable economic news propelled bonds and the dollar sharply higher, writes Frank McGurty in New York.

By 1 pm, the Dow Jones Industrial Average was 3,888.46, led by cyclical stocks emerging from a long summer slumber. However, the rally was broad-based, with a number of stocks in the Standard & Poor's 500 to 474.17.

Advancing issues outnumbered declines on the Big Board by a seven-to-three ratio. Trading was brisk, with 184m shares exchanged by early afternoon.

In the secondary markets,

the American SE composite was 2.07 higher at 449.19, while the Nasdaq composite was up 9.23 at 1,411.11.

Stocks moved solidly higher thanks to a piece of news from the Commerce Department, which revised its estimate of second-quarter economic growth to 3.5 per cent, from a preliminary reading of 3.7 per cent. With analysts expecting a much stronger figure, Treasury prices jumped ahead and the dollar rallied to the Y100 mark.

Amid all the excitement, a big rise in the University of Michigan's August index of consumer confidence, was virtually ignored by the inflation-sensitive bond market.

By mid-morning, the bellwether blue-chip index had extended its gain of more than 10 points, triggering the

NYSE's restrictions on computer-guided trading. Still, the "collar" failed to force share prices into retreat.

The main market which had Wednesday's 70-point surge was at the forefront yesterday. Deere, the farm equipment manufacturer, gained 1.5% to \$114.50, while Caterpillar rose 1.2% to \$114.50. International Paper climbed 1.1% to \$74.40, Alcoa 1.1% to \$51.70, and General Motors 1.1% to \$51.70.

But non-durable goods were not to be deterred from the rally. Ford and General Motors gained 1.1% to \$51.70, while Caterpillar rose 1.2% to \$114.50.

Among the 10% industrial, only 3M - off 1% at \$66.75 -

was showing a loss by early afternoon.

The improved outlook for semiconductor stocks benefited the entire technology sector. Motorola gained 1.1% to \$55.70, Micron was up 1.1% to \$44.70, and Texas Instruments put on \$1.40 to \$52.70.

On the Nasdaq, Sun Microsystems advanced 1.1% to \$114.50, and Microsoft added 1.1% to \$114.50.

Biotechnology stocks appreciated further takeover speculation. Chiron jumped 3.3% to \$114.50, after adopting a shareholder rights plan designed to deter an unfriendly suit.

Canada

Toronto added to early gains at midday with a rallying Canadian dollar underpinning the performance.

The TSE 300 composite index jumped 1.1% to 1,411.11 in volume of 11.1m shares.

The forest products group was 1.1% up at 1,411.11, on higher pulp and newsprint prices and optimism buoying cyclical

Brazil

Sao Paulo dropped 1.7% in moderate midday trading as investors cashed in profits after Thursday's sharp rally. The Bovespa index declined 1.7% to 1,411.11.

Analysts said the market marked a ripe for profit-taking after advancing by 5.5% last week, while the market was also closely watching the forthcoming salary renegotiation period in September.

Istanbul tries to make up ground lost by lira

John Murray-Brown on the return of confidence to the Turkish market in the wake of currency jitters

After running out of steam in the first quarter, the Istanbul stock exchange has since suffered from competition from high interest rates in the government bond market, but the budget deficit has been reduced, and the lira has been devalued.

It is probably too early to claim the market is back, but there is a return of confidence returning.

This week, in the indication of the market's grip on the lira, the authorities have decided to allow a possible run on the market, while the index held steady, after making good gains in local currency terms in recent months.

The Istanbul composite index rose by 1.1% to 1,411.11, on local currency terms since early June. It closed yesterday at 1,411.11, compared with 1,411.11 on June 1.

However, with the lira losing close to 50 per cent against the dollar since the start of the year, the picture is not so rosy for foreign investors. A report from the Turkish Ministry of Finance showed a fall in dollar terms of nearly 50 per cent since January.

The decline was not only early in June and there is a general expectation that prices in dollar terms will end the summer year lower than in January.

Nevertheless, the recent trend is up, and the exchange received a further impetus yesterday, as the lira's devaluation, as Turkey's Radio and Television TRT, the state-run broadcaster, announced that the lira had been devalued by 50 per cent.

The innovation will give a boost to the market and particularly to real investors who, in the absence of big Turkish institutions, still account for the largest part of demand.

Coupled with planned moves to allow all share transactions to a screen based system by mid-October, some brokers believe Istanbul is due for a rally.

The market is certainly due for a change of fortune. With the first signs of the collapse of the lira in January,

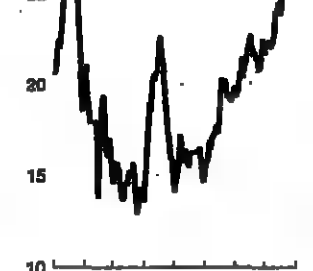
domestic demand dried up. The market has since suffered from competition from high interest rates in the government bond market, but the budget deficit has been reduced, and the lira has been devalued.

After Turkey's credit rating had been downgraded repeatedly, the decision to turn to the International Monetary Fund was unavoidable.

Today's mix of the elements in the stabilisation package are falling into place. Officials point to the drop in annual inflation, which slowed from 115 per cent in June to 109 per cent in July.

Turkey

Istanbul Composite Index (100)



Source: FT Graphite

last month, as a result, companies are better able to plan production and sales.

The monetary environment certainly looks more robust. Even after the hiccup this week, the lira has been devalued by 50 per cent, compared with rates of 100 per cent in the "super lira" era.

At a ratio of close to 11 on the lira's exchange rate, says John Murray-Brown, the market is among the cheapest in the world.

There are still some voices of caution. "In investing, when you see everyone running in the same direction, there is a concern," says the head of research at one of Istanbul's largest brokers.

Economists expect the true picture will only be apparent after the Fund's first review of the stabilisation package, expected in the second week in November.

In recent weeks, the index has been pushed higher following some surprisingly good half year corporate results.

In food and beverage sectors, companies such as Tat, which serve, a fruit processing operator and the beer concerns, have outperformed the market.

However, the biggest prizes are in sectors like paper where both Kav Orman, a match maker, and the cardboard manufacturer Tiro Kut, showed healthy first half earnings, apparently taking advantage of stock build up before the crisis.

Liquidity has traditionally been one of the market's major constraints. However, officials anticipate that turnover will increase with the introduction of new trading.

In the first tranche of 50 stocks - chosen as the most traded companies - volumes increased fourfold.

A similar expansion of liquidity is expected in early October when the entire 182 market stocks are incorporated into Etil, Istanbul's electronic Etil system.

The broadcasting initiative, for the time, will bring the market to Turkey's rural areas where officials say there is untapped demand.

Moreover, if teletext is also available on TRT's international transmissions, Turks in Germany and other European countries - who already provide some US\$4bn to bolster the country's balance of payments - may be persuaded to get the trading bug.

EUROPE

Bourses spurred by revision of US GDP

European bourses picked up strongly after news that the upward revision in second quarter US GDP was 3.5 per cent, compared with an expected 3.7 per cent. The Fed had a further reason to tighten monetary policy.

FRANKFURT staged a strong post-bourse rally, after an uncertain official session. The Dax index picked up from a low of 2,140.34 to 2,161.54, a 0.1% rise on the week, before pushing through a 1.1% rise to 2,182.64, an all-time high.

Volkswagen, in the lead, rose 1.1% to DM110.50, while the chairman of the German car makers in the second half of the year, announced to close DM110.50, higher at DM110.50, and DM110.50 in the post-bourse.

Deutsche Bank also put in a strong performance, rising DM13.50 to DM17.60.

Shares in Viag showed little reaction to news of a rise in first-half earnings, falling DM11.50 to DM11.50.

Hoechst profited from news the group planned to cut more than 1,000 jobs at three plants near Frankfurt by the end of next year, rising DM35.50 to DM35.50 in the post-bourse, and compared with its DM35.50 of DM35.50.

FT-SE Actuaries Share Indices

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FOOD MANUFACTURERS

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INVESTMENT TRUSTS - Cont.

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Weekend FT

SECTION II

Weekend August 27/August 28 1994

The English coast and its holidays from hell

Britain's tourism industry is in trouble. Michael Thompson-Noel packs his bucket and spade and sets out to discover why

I am trapped and desperate. There was almost everywhere I looked. I believed I was in a time warp, or in a future where the past has been grossly misinterpreted and changed into a grotesque present. I was in Great Yarmouth.

Among the reasons that market themselves as English seaside resorts (Great Yarmouth, which is like a bolt on England's cheek, is perhaps the most typical) are a typically clapped-out English working-class coastal town whose fate, in an era of cheap mass foreign travel, is to play host to the poor and less sophisticated of Britain's stay-at-home holidaymakers. It gives them a crummy boarding house, a few games and shooting galleries, food to feed a pig on and a wind from the Ural. The day I was there - a day in mid-August, the peak of summer - the wind was so strong that the sea was unsafe and the beach out of bounds.

There is something awfully awful about Great Yarmouth. It looks as though it has not changed in any way in half a century, as though its grotesqueness and datedness are protected, for some reason, by a law of nature. It could be England's worst seaside resort. That would make it, by definition, one of the worst in the world.

Not that I stayed long. I was out of there fast. Why did I go? I went because I was looking for a holiday. The Great English Holiday. Why should I do that? Because I had read that Adele Bliss, chairman of the English Tourist Board, was growing alarmed at the decline of the position of the British tourism industry, particularly its English variant.

Reading all her stuff, I realised that I had never, as an adult, spent a holiday of more than three days in England. I have holidayed in France, Spain, Portugal, Italy, Greece, Morocco, Tunisia, Bermuda, the Caribbean, Australia, New Zealand, Fiji, Philippines, Thailand, Malaysia, Mexico, California, Canada, Scotland,

Wales and elsewhere. But England, hardly ever. The reasons are quite conventional: climate, cost, familiarity and English naivety (half: *adj.*, slang, unfashionable, socially awkward, worthless, rubbishy).

Here are some figures. Tourism in all its guises is worth about £20bn a year to Britain's economy. Britain's income from foreign tourists is booming: 1994 forecasts are for 20m visitors, especially from the US, France, Germany, Ireland and the Netherlands.

In the international league table of tourism, Britain still ranks sixth, after the US, France, Spain, Italy and Austria, though it is a long way from fifth. Tourism accounts for about 1.5m jobs in Britain and more than 200,000 in the rest of the world. It employs nearly 7 per cent of the workforce.

But all is not well. In 1985, says the tourist authority, Britain had a balance of payments surplus on its tourism account of £571m - ie, more was spent by foreign visitors to Britain than by the British travelling abroad (this was the last time the account was in surplus). This account topped into loss in 1986. Last year the deficit was £3.6bn - a faster and deeper decline than that experienced by other countries in Europe.

The main reason for this turn-around is said to be the growing number of Britons holidaying abroad as their wealth grows. In real terms, between 1980 and 1993 expenditure by UK residents on holiday in Britain fell by 12 per cent, while spending on foreign holidays soared by 100 per cent.

A well-organised outbound tourism industry (travel agents, tour operators and holiday companies) has emerged, well over £100m in marketing overseas destinations to the British. By contrast, the domestic industry is less well organised, highly fragmented and does not have the same marketing muscle.

As more and more Britons have taken foreign holidays, Britain has lost share of international tourism. During the 1980s, Britain took about 6 per cent of world tourism spending. By 1992: 4.6 per cent.

In England, says Adele Bliss, the picture is at its sorriest: "In the last decade the share attracted by England of all holiday



spending by Britons has fallen by some 10 percentage points, all of which has gone on holidays taken abroad. That share loss cost our tourism industry some £2.6bn in 1993 alone.

So off I went in search of an English holiday. I spent 5½ days and drove 972 miles. I travelled wily-wily, stopping at random, looking for places that would persuade me to spend my next holiday in England rather than in Italy or in Fiji or in Sarawak (terribly nice, Sarawak, one of my all-time faves).

I decided to travel up England's eastern coast because it was the one I was least familiar with. But it makes no difference: east, south or west, Britain's seaside resorts are almost uniformly wretched: grasping, ghastly, catering to the lowest common denominator.

As more and more England's naughtiness that utilised coloured lights, you would find that the cities glowed orange, that the towns shone purple and that the English coastline thrived in apocalyptic scarlet. It has lost its soul to naughtiness. Only scraps survive. Worse, the bits in between are often occupied by drab caravan parks or

camping sites - people holidaying in tents, a concept so twisted that the holiday-time murder rate in England's coastal parts must be worryingly high.

For 2½ days I meandered northwards, repulsed by ugly resort towns after ugly resort towns. My main compensation was the quality of hotels I stayed in. I did not shy from luxury. They were excellent, including the guesthouse I stayed in on the second night, and proved that one of the best aspects of English tourism is the quality and range of its hotels. They are as good as any country's, but they are not.

My first night was spent at Congham Hall, a luxury country house hotel set in 40 acres of parkland near King's Lynn in Norfolk. It is the Sandringham royal estate, first island, and is run with great flair by Christine and Trevor Forecast. The peace of the Norfolk countryside is all around. Its food is more than good and it has a heated outdoor swimming pool. Its herb gardens are famous.

Would a holiday at Congham Hall prove memorable? Undoubtedly it would. But prices, including full breakfast, range from

£99 per night for two people in a smallish double room to £118 (single) or £180 (double) for a luxury ground-floor suite.

After breakfast I chatted to Trevor Forecast, who will become chairman of Fringe of Britain, a marketing group of 80 English hotels and restaurants, in November. He and his wife employ 35 workers, including part-timers.

"What are the virtues of foreign holidays?" asked Forecast helpfully as we sat in the sitting room, watching the rain. "I have jotted them down for you. There is the weather, obviously, though people becoming wary of too much sun. There is their cheapness, of course, though not at our level of hotel. There is the attraction of foreign culture. And, for some, the adventure of flying, though that must be waning."

"As for holidays in England, I think there are three main advantages. The food is better. I would throw in a plug for English cooking. Travel times are shorter: you can use your own car. And it's safer. There is the odd rail strike, to be sure, but no likelihood of a coup in Norfolk."

He could have added a fourth: the

immense range of things to see and do in England. In recent times the English heritage business has been reviled for turning England into a Disneyland theme park. But the industry has been disproportionately to the damage inflicted by the heritagemongers, at least to date.

On price, the proprietor of Congham Hall said that British tourism was not treated fairly by the government. One of its grosser burdens is the high rate of VAT.

Bliss says that Britain's tourism infrastructure is woefully under-utilised, especially compared with that in Mediterranean countries. As a consequence, profits are not high enough and charges are uncompetitive.

Part of the problem is the cost structure. In Britain, hotel accommodation and restaurants have to pass 17.5 per cent in VAT on to their customers, compared, for example, to 6 per cent - or sometimes outright exemption - elsewhere in Europe. Forecast finds this galling. The morning of our chat, The Times reported that Spain's

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Shirley Dashing, comfortable, affordable modern style

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The Long View/John Plender

Strange case of Lord A

Shareholder Lord Archer's political career. But the wayward fun in the silly season. Others of more serious inclination feel that it demonstrates the stupidity of Britain's insider trading legislation. Here, they argue, is a case of a man being caught at the wicket and promptly declared not out.

Not is this the first time that such a thing has happened. Since insider dealing is a criminal offence, the burden of proof is exceptionally onerous. The definitions of an insider, and of inside information, are extraordinarily difficult to draw in a watertight legal manner.

Enforcement is therefore difficult and the authorities become absurdly preoccupied with the table manners of people at dinner parties. Would we be off without such legislation in the first place, given that failure to enforce the law brings the law into contempt?

It is difficult to make the market skulduggery can be divided into two categories. Serious behaviour involves the distortion of prices. If, as in the case of the Guinness bid for Distillers, large companies change hands on the basis of false information, there is a risk that the market will be manipulated and the savings class aged.

Insider dealing, in contrast, makes for more efficient pricing. The victims tend to be the small shareholders, in whose name the legislation is so often justified, but professional market makers know how to look after themselves.

Moreover, insider dealing laws, which originated in the liberal, English-speaking economies, distance shareholders from management. They give institutional investors an incentive not to look into a supportive dialogue with companies because this would restrict their ability to buy the shares.

By reinforcing the fetish of liquidity, insider dealing laws weaken the chain of accountability from management to the legal owners of the company.

Well, up to a point. But the Germans and Japanese themselves now have insider dealing laws; and the reason is

political rather than economic. In Japan, in particular, the fact that brokers' inside clients were recently protected from an unprecedented market crash, while private shareholders were not, caused huge disillusionment with the country's ruling elite. That resentment partly explains the erosion of the Japanese political consensus.

Not are the economic arguments for legislation negligible. A biased roulette wheel deters punters from the casino. It is noteworthy that in countries such as Italy, where insider dealing legislation is weakly enforced, the stock market is distrusted by the public. That can lead to a higher cost of capital.

I need it is possible that the low level of private share ownership in Britain is a general suspicion of insider dealing in the market as well as the fiscal incentives for collective ownership. The fact that new issues are so often underpriced and that companies change hands at large premiums to their day-to-day market valuation tends to support that view.

Judging by comments overheard on the Clapham omnibus, Lord Archer's conduct has done damage both to the Tories and the City - though not, dare one say, as much as might have been done if he had been given a high profile political role before the next election. There is surely something in the Labour camp. It seems inconceivable, regardless of economic argument, that any political party will repeal the insider trading legislation. Given London's lucrative role as an entrepot in the capital markets, it would also be damaging to part company with the practice, which is an international norm.

We are thus condemned to frequent legislative amendments and repeated criticism of poor enforcement. That means the law will continue to look like an ass. But when has it not? As Mr Justice Goff, in the case of that connoisseur of legal form, J.B. Morton, remarked: "If a cow with hands is a bicycle, within the meaning of the Act, then a bicycle with four legs is a cow."



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John Plender

MARKETS

London

Analysts fix their gaze on the horizon

Paul Taylor

The London market rallied strongly last week with the FT-SE 100 index moving decisively through the 3,200 level helped by positive domestic corporate news and a strong US market. In recent weeks, the index has frequently stumbled on the threshold of 3,200. On Wednesday the FT-SE 100 climbed 30 points to close at 3,205 - the first time it has closed above 3,200 since March 22.

Further advances on Thursday and Friday took the FT-SE 100 index to 3,265 by the close yesterday, up 14 points on the week and 389 points above the late June low.

A wave of retail buying interest on Wednesday pushed turnover up to £1.88bn that day while turnover on Thursday reached £1.81bn, the heaviest in several months.

With the September reporting season imminent, the summer rally has been encouraged by a growing belief that

investors are focusing more clearly on the strong rise in corporate earnings and dividends which already evident.

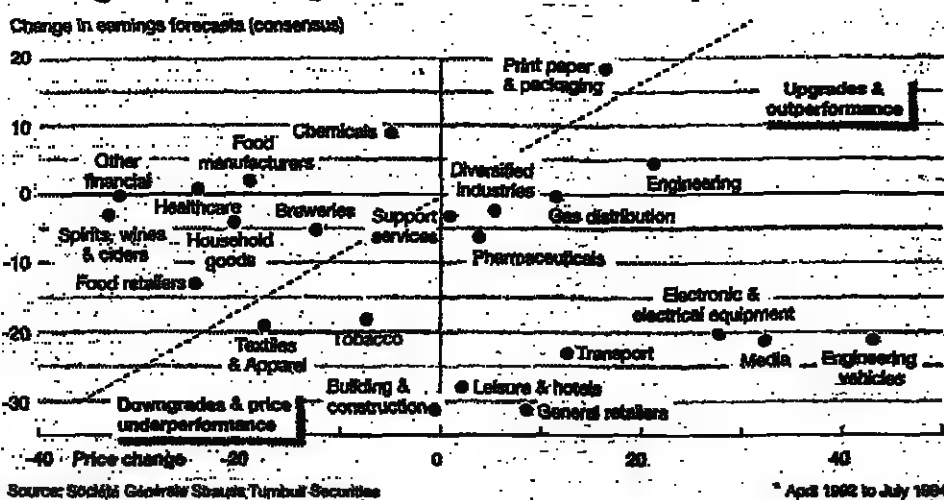
Forty-three companies - 27 of them industrials - with market capitalisations of more than £200m and, for the most part, December year ends, have already reported their interim results and are mostly coming in on target according to S G Warburg.

S G Warburg analysts forecast underlying earnings would be 24 per cent ahead. They have shown gains of 28 per cent. Dividend increases have been 15 per cent, percentage points ahead of forecasts at 12 per cent.

Among the companies reporting, only those in the financials came in slightly ahead of expectations. The 27 industrial companies are precisely on target showing 18 per cent gains with dividends 1 per cent higher compared with a forecast 7 per cent.

After this first tranche of

Changes in earnings forecasts and share prices*



interim results, analysts have been updating their forecasts. Warburg analysts have lifted their 1994 forecasts for earnings-per-share growth at the industrials which have reported so far, from 15 per cent to 15.2 per cent and from 11 per cent to 11.2 per cent for 1995.

For the broader group, Warburg raised its EPS growth forecast for the current year from 15.6 per cent to 22.7 per cent, but the 1995 forecast has been downgraded from 18 per cent to 10.5 per cent.

But how significant are profit forecast upgrades and downgrades anyway? Société Générale's Strauss-Turnbull set out to analyse whether changes in consensus forecasts for earnings per share growth have been reflected in sector performance.

The results (see chart) show that the pattern of earnings

HIGHLIGHTS OF THE WEEK				
	Price	Change	1994	1994
	YTD	on week	High	Low
FT-SE 100 Index	3265.1	+78.2	3520.3	2876.8
FT-SE Mid 250	3807.0	+63.1	4159.8	3400.0
Astra	674	+54	674	504
BAT Inc	447	+23	670	372
Borealis	587	+23	640	417
Body Shop	224	+24	284	187
Charter	636	+51	636	585
Eastern Elect	563	+24	563	508
Imvix	543	+45	556	523
NFC Var Vig	176	+21	281	116
Norweb	833	+28	833	807
Peritold	220	+21	278	199
Seaboard	448	+20	448	290
Telegraph	367	+11	422	323
Wellcome	724	+21	731	498

Serious Money

The ethics of being an ethical investor

Scheherazade Daneshkhu

A friend, revolted by the thought of eating meat, used to recollect the drawbacks of being vegetarian. It was not so bad being challenged continually about his ethics, he said, but what he could not abide was being deliberately deceived.

On a visit to a restaurant he often frequented, he asked if the mushroom quiche was vegetarian, and was reassured. But, after the first mouthful, he became suspicious; closer examination revealed it contained little cubes of ham.

Investors in ethical companies and funds probably know this feeling. They may face opposition for bringing morality into the business of making money - attempts to launch an ethical unit trust early in the 1980s were refused at first by the Department of Trade and Industry on the ground that capital and conscience conflict - but if they invest in good faith, only to be let down, there is not much they can do other than to withdraw their money. To a great extent, they will always be investing on trust.

The rights and wrongs of ethical investment were underlined recently after the Franklin Research Development, a US ethical investment fund, advised its clients to sell Body Shop shares. One reason was that allegations due to be published about the company in the US press could, it believed, lower its stock price in the short term.

For many people, ethical investment will remain little more than a marketing gimmick to help the image of a company or an investment house. After all, the 2500m or so invested in UK ethical unit and investment trusts is tiny as a proportion of total funds under management - more than 200m in the case of unit trusts alone. Yet, ethical and environmental funds are relatively high profile.

On the other hand, investment has been growing steadily, increasing more than fourfold over the past five years - a far higher growth rate than that of the average fund over the same period.

Holder Meehan, a London and Bristol-based independent financial adviser specialising in ethical investment, estimates that "screened" investment - when companies are analysed according to the ethical concerns of the investor - amounts to a rather more substantial £20bn. The figure includes local authority money, plus charity and church funds.

The inclusion of the last two is ironic. Nearly four years ago, the Bishop of Oxford lost a court case against church commissioners in which he argued that they should give more weight to ethical investment than to financial considerations.

If you are an ethical investor, how can you be sure your criteria are being met? You could always build up your own portfolio using the services of a company such as Ethical, which screens stocks to see if they meet about 300 ethical criteria, but it would be relatively expensive and risky compared with a pooled fund.

Still, the choice of funds has become much wider over the past few years. Initially, only ethical funds were unit trusts - Friends Provident established the first in 1984 - but now there are ethical investment trusts, pension funds and packaged ethical products such as personal equity plans and endowment mortgages.

You will want to choose a fund which matches your ethical criteria most closely, perhaps with the help of one of a number of IFAs who specialise in ethical funds. But you need to be based on relative, rather than absolute, criteria. One of the criticisms of Body Shop was that its high-profile

AT A GLANCE

Finance and the Family Index

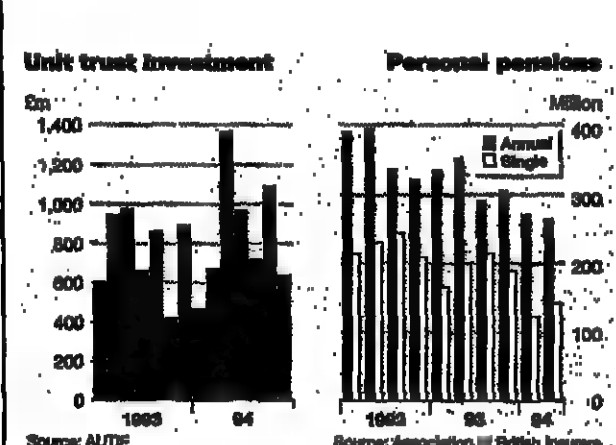
Student finance: a user's guide

Hedging with options/Week Ahead/Directors' transactions

NI loopholes/Fund managers: Credit Suisse/Highest rates

Guaranteed pensions/BT PremierLine/Cashbacks

Q&A Briefcase



Unit trust sales fall sharply

Unit trust investment fell sharply last month. Net investment fell to £546.4m in July from June's record £1.1bn. It was the weakest investment figure since January. Last month's figure was also down by almost one-third from net investment of £954.6m in July last year. The Association of Unit Trusts and Investment Funds said one reason for the drop might be a switch by discretionary managers into direct holdings of UK equities at the expense of unit trusts. It also thought more people might be holding cash.

Autif has released a new fact-sheet: "Emerging markets: too tempting to resist or too hot to handle." It is available from its information service on 011-207 1361.

Demand for pensions drops

Sales of new personal pensions and life assurance policies fell in the first half of this year, apparently reflecting concerns about the mis-selling of personal pensions. Figures from the Association of British Insurers showed that the number of regular premium pensions slipped to 264,000 in the second quarter - its lowest quarterly levels for more than two years. The number of single premium pensions sold in the first half of this year, 265,000, was 30 per cent below the first half of last year, and 40 per cent below the total sold in the first six months of 1992.

The Securities and Investments Board, the chief City regulator, has set up a review into the sale of personal pensions to people transferring out of an occupational scheme.

C&G sets up help-line

The Cheltenham and Gloucester building society has bowed to pressure and set up a telephone help-line, which comes into operation from Tuesday, to help its customers understand the terms of the Lloyds Bank takeover offer for the society. Many account holders are unsure whether they qualify for cash payments under the offer because of a ruling that customers must have been members of the society for two years to be eligible. The desk can be contacted on 0345-889900, from 9am to 5pm, Mondays to Fridays, and 9am to 1pm on Saturdays.

Smaller companies inch ahead

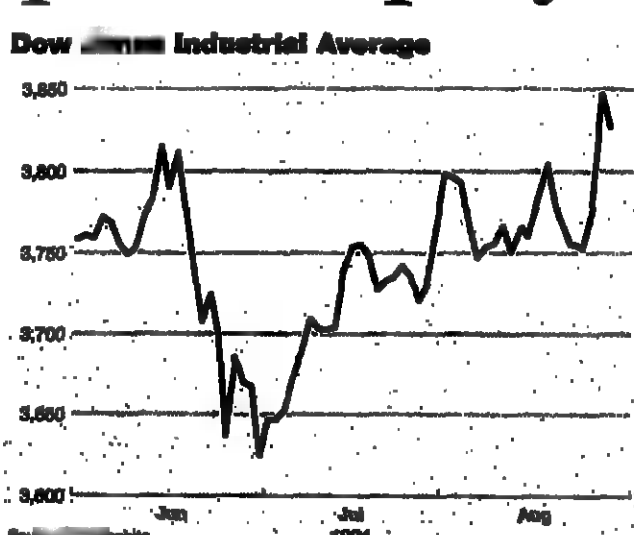
Smaller company shares continued their gradual ascent. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.5 per cent to 1707.65 over the week to August 25.

Next week...

What will happen to your investments over the coming months? The Weekend FT asks leading fund manager for their views on prospects for world markets, inflation and interest rates.

Wall Street

Stocks are pulled up by their shorts



Much of those gains were achieved late in the day, and market analysts attributed them to "short-covering" by investors and dealers. In recent months, a record number of market participants, anticipating further declines in share prices, have run up "short" positions in stocks. This means they have borrowed shares and immediately sold them on, in the hope that when they have to return the borrowed shares, they will be able to buy them in the market at a lower price - thus making a profit.

When prices start rising unexpectedly, short-sellers are faced with the prospect of big losses, because they have to buy back their borrowed stocks at a higher price. The only way to limit those losses, is to buy stocks before they rise too far and wipe out the profit on the short positions.

This "short-covering" is what happened late on Wednesday, and the rise in prices that prompted it was reportedly caused by heavy buying of blue-chip stocks by investors who had bought a particular derivatives product - a short-term stock index

option - from a Washington-based money manager. That manager had sold the option because he was convinced share prices were going to fall this week.

When prices rose above a certain level on Wednesday afternoon, however, anyone who bought the index options from him was making money. Those investors then kept on buying, because the higher prices went, the more money they made on their options. It was this rush of late demand which seems to have prompted the market into also buying stocks. The end result was a 71-point gain on the Dow.

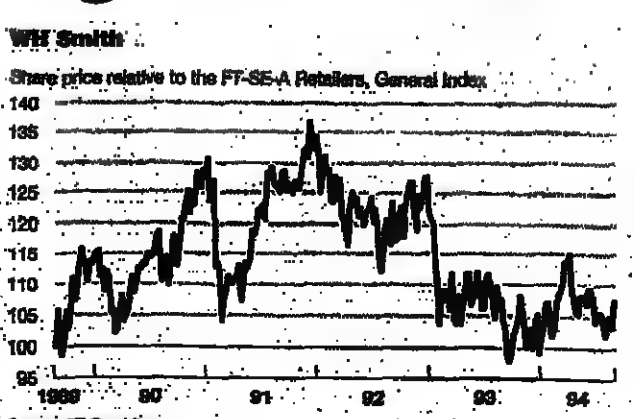
Short-covering may also have contributed to yesterday morning's big jump in the Dow, but by then, share prices appeared to have an upward momentum all of their own. For now, at least, the stock market is on a roll.

Patrick Harverson

Monday	3751.22	- 63.89
Tuesday	3775.83	+ 24.61
Wednesday	3845.73	+ 70.90
Thursday	3829.69	- 16.04
Friday		

The Bottom Line

Balancing the book business



W.H. Smith has recouped largely through gains in market share. The other anxiety about the UK business is that consumer demand is expected to remain sluggish. The group plans to compensate for that partly by its biggest-ever expansion programme. It is spending £50m this year on adding 230,000 square feet of selling space to its present 3.6m sq ft, including new stores and the extension of its flagship Virgin Megastore on Oxford Street, London, into the world's biggest music and video store.

It is also working hard to get more out of its market-leading position it enjoys in several sectors. It is targeting its different retail outlets - W.H. Smith and Waterstone in books, Virgin and Our Price in music, video and games - more carefully at specific groups of consumers, and building up their brand names.

On the cost side, removing layers of management in the W.H. Smith chain will yield annual savings of £2.4m, allowing it to take on more shop staff to improve service. It is through providing good service and extending "value-added" features such as Bookfinder - its computer-based book ordering service - that bookshop intends to keep its competitive edge, rather than by copying the everyday low pricing strategy of rivals such as Kingfisher's Woolworths chain.

The US, however, could provide the most exciting opportunities for growth. Already, W.H. Smith is the biggest US airport retailer of books. It plans to expand this business and the Waterstones chain.

Where does that leave the shares? With pre-tax profit for this year forecast at £12m-£14m, equivalent to a 10 per cent increase in earnings per share, analysts believe they are about 5 per cent undervalued against the market. They have gained ground in the past three days but still look a worthwhile holding.

Neil Buckley

هكذا ان الامر

FINANCE AND THE FAMILY

Debt traps that make student life a misery

Bethan Hutton offers some advice on avoiding the worst of the pitfalls

When the grant cheque first arrives in freshers' week, many students feel richer than they have ever been. But, by the end of the first term, some are already in debt. By graduation, the average student owes more than £2,000.

Coping with money - or, rather, the lack of it - is one of the least pleasant aspects of student life. Nothing can make it easy, but knowing how the system works can help students avoid some of the worst pitfalls.

Banking. Banks woo student customers with everything from free loans to hard cash, but it is better to look for convenience, free banking and cheap borrowing.

The best student bank account this year seems to be with a building society. The Halifax is the largest interest-free overdraft, the highest rate of interest for those in credit, and the lowest interest rates for both authorised and unauthorised overdrafts.

Some general advice for students:

- Before making a final choice of bank (or building society), students should check that it has at least one branch and plenty of cash points near your place of study.
- New students with existing bank accounts should demand all the student conditions and privileges - or open an account with another bank if terms are better elsewhere.
- Check regularly how much (or how little) you have in the bank; it is easy to let debt creep up on you. Allow, too, for the fact that balances given out by cash machines are a day or two out of date and that cheques take several days to clear.

Always talk to the bank before exceeding an overdraft limit. Bounced cheques are expensive.

□ Avoid credit cards unless you have good self-control or parents with deep pockets.

□ Grants. These were cut by 10 per cent in the last Budget, although the maximum loan was increased to compensate. More grant cuts are expected to push the balance further towards reliance on loans over the next few years.

Grants for most students aged under 25 are based on their parents' income. Parents start having to contribute if they earn more than about £16,000 a year, and those with income of more than about £35,000 must meet the full cost of a son or daughter studying outside London.

□ Loans. Debt has become impossible to avoid for most students. The cheapest way to borrow is an interest-free student overdraft, but student terms last for a year or more after graduation. Then, no matter what your financial situation, you must pay off the overdraft or be charged market interest rates.

Loans from the official Student Loans Company are repayable over five years, starting the April after graduation, as long as you are earning more than 55 per cent of average earnings (now about £4,000 a year). If you earn less, the loan can be deferred.

Technically, the loan is interest-free, but the amount you owe will rise in line with inflation.

You can apply for a loan once each academic year. If you ask for less than the maximum amount, you cannot make a second application if you need more later.

□ Other sources of money. The government gives each university or college a sum of money for distribution as "access funds" to help



Student accounts			
Bank/Building Society	Incentive	Interest if in credit	Interest-free overdraft
Bank of Scotland		3.25%	£500
Barclays Bank	£15	1.00%	£400-£700
First Trust Bank (N)	Pair of Lee jeans	0.50%	
Halifax BS		3.75%	£500-£1,000
Lloyds Bank	£16 railcard and £15 record token or £25	1.00%	£400-£800
Midland Bank	£25 (before freshers' fair)	2.72%	£500-£700
NatWest	Discount vouchers = £10	1.50%	£400-£500
Northern Bank (N)	Clock radio, phone card	0.50%	
Royal Bank of Scotland		3.00%	£400-£500
TSB	Cinema tickets, discount vouchers	3.50%	£400

Students in dire need. The amount of money is limited, and demand is heavy, but if you have a good case it is worth a try. Some institutions also have their own hardship funds or scholarships.

Sponsorship is a very attractive option. It is easiest to obtain for

Student grants and loans 1994/1995			
	Grant	Loan - full year	Loan - first year
London	£2,580	£1,375	£1,005
Elsewhere	£2,040	£1,150	£840
Living with parents	£1,615	£915	£570

Occupational Information Centre, PO Box 245, Bristol, BS99 7FE.

Some large companies have schemes to provide financial help to employees' student offspring - parents should make enquiries. A few charities also make small grants to students who meet certain conditions. For details, look in your library for the *Charities Digest*, *Money to Study*, or *The Grant Register*.

□ Tax. Grants, loans and parental contributions, to the level of the maximum grant, are not treated as taxable income. Students can earn up to the full personal allowance of £2,445 on top of their grant before paying any tax. Most students will not earn enough from part-time or temporary work to be liable for tax, but it is often deducted automatically from wages. To avoid this, fill in Inland Revenue form P38S before starting work.

□ Further reading. The Department for Education's booklet *Student Grants and Loans: A Brief Guide* covers the whole student funding system, with lists of relevant organisations and publications. Free copies obtainable from the DfE Publications Centre on 081-633 3000.

Two books full of information are: *Pay Your Way as a Student* (Robinson, £7.95), available from Biblos (0403-710 851); and *Students' Money Matters* (Trotman, £7.95). Available by post for £9.45 (inc £1.50 p.p.) from Trotman & Co., 12 Hill Hill, Richmond, Surrey TW9 6UA.

How the other half pay

UNITED STATES
Students must meet tuition fees but can get grants and loans from various sources, writes John Authers. Parents can take out government loans and Parent Loans for Undergraduate Students (PLUS). Most loans are paid off within 10 years of graduation.

One of the most popular is the Stafford loan, which is means-tested and has a zero interest rate while the student stays in education. The interest rate is 8 per cent for the first four years of repayment and 10 per cent thereafter.

Commercial banks make the loans, but the government guarantees them a return of at least 3.25 per cent above the Treasury bill rate and also pays interest to the lender while the student is in education. The downside is that the cost of defaults is estimated at around \$200 a year.

Australia's system is the one that many vice-chancellors and academics want the UK government to adopt. Under the Higher Education Contribution Scheme, every student takes out an automatic loan when enrolling to cover a portion of the course fees. For full-time students, this is about A\$2,328 (£1,100) a year.

The loan is not repayable until students have graduated, and their income has exceeded a minimum threshold, now set at the Australian average wage. Repayments are made through the tax system - students' codes are altered when they start at university and they pay a progressive tax rate of 2, 3 or 4 per cent until the loan is repaid in full. There is a 25 per cent discount for those who repay their entire loan in one lump sum.

Germany's loans-based system is much less sophisticated than Australia's. Loans are means-tested and the amount available falls quite quickly as parental income rises. The parental contribution is fixed and a legal requirement. Loans are repayable over 20 years with a minimum annual repayment, which can be deferred if graduates' income drops below a certain threshold. There is no interest rate - not even to keep up with inflation. And if students are in the top 30 per cent of their year academically, a quarter of the loan's value is written off.

NEW FROM

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The Week Ahead

the first six months of 1993.

□ Provident Financial, the personal loan and consumer finance group, will report its interim results on Wednesday. Analysts expect an advance in pre-tax profits for the first half of 1994 to around \$56m-57m, against \$21.9m in 1993, and between 15 and 25 percent.

The increase in the interim dividend is expected to be slightly lower, at around 15 percent, taking it to 5.5p from the 4.75p reported last year.

□ Williams Holdings is expected to announce interim profits of about \$90m on Thursday. With a hefty chunk of business dependent on housebuilding, ■■■■■ will be looking for signs of some pick-up in under-

lying trading in both the US and UK.

The cashflow question which has plagued the conglomerate is likely to linger, albeit in the background. More importantly, after April's 2367m rights issue, observers will want to see signs that the new, more conservative strategy of bolt-on acquisitions is working.

□ The upturn in European vehicle sales and signs of recovery in the US automotive industry should lift first-half profits at T&N by about 30 per cent at the motor components and engineering group. Interim pre-tax profits - due on Thursday - are expected to reach £51m. ■ ■ ■ ■ ■ the group enjoys higher volumes and the

Analysts warn, however, that investors will be seeking a significant payback following the £265m of capital spending in the past three years and a 92 per cent increase in the shares in issue since 1988.

□ **Reckitt** ■ **Colman**, the household products and toiletries group, ■ expected on Thursday to report a marginal increase in interim pre-tax profits to about £150m (£144m). Gains ■ the disposal of its European Colours business will push FRS 3 pre-tax profits to around £185m. The interim dividend is expected to rise by 8 per cent to 6.95p a share.

Trading conditions in conti-

nental Europe and North America have shown next to no improvement since a 1980 AGM statement in May pushed the share down from 588p to a low of 558p in June. They have recovered since, however.

□ Ladbrooke, the hotels, DIY and betting group, is expected to announce interim profits before exceptionals of about 243m on Thursday, against 262.5m last year.

The sharp decline is due almost entirely to the dismal performance from Texas Homecare, the DIY business. Most of the pain was taken at the year-end when the group was forced to re-state the division's profits. But underlying trading is

still expected to have fallen further. The dividend is likely to be reduced from 4.92p to 2.5p, in line with the year-end dividend cut.

Rolls-Royce, the power generation and engines group, is expected to reveal a rise in pre-tax profits from £33m to between £39m and £46m for the first half of 1994 when it reports on Thursday.

Also on Thursday, analysts expect Vickers, which makes Rolls-Royce cars and tanks, to have all but doubled pre-tax profits in the half. Between £15m and £18m is anticipated, against last time's

cars division, the possibility of good news on the global diesel engines market, and an upturn in the medical equipment division.

□ The City is expecting Pearson, owner of the *Financial Times*, to turn in pre-tax profits between \$65m and \$73m on Friday for the six months to June 30, sharply up on last time's \$46.3m. The outcome will probably be to the upper end of expectations, but precise forecasting is particularly difficult this time.

Unlike last time, acquisitions such as Thames Television and Exel will be included - but not the demerged Royal Doulton and Camco, the oil services group.

Builders and building materials

Share prices relative to the FT-SE-Building & Construction Index

300

250

200

150

100

50

Flaggy

Perashmon

J Mowlem

1991 '92 '93 '94

FT Combit

❑ Schroders, the merchant bank, reports its first-ever interim results on Friday. Growth in mergers and acquisitions business, along with its expansion into Asia, should contribute to pre-tax profits of £100m. The interim dividend could be lifted from 4p to 4.5p.

Peter John recommends options

If a \$100,000 windfall had arrived last Christmas and you had invested it in a broad range of blue chip UK shares, traded on the FT-SE 100 index, it would have lost around £15,000 of its value just three months later.

There is a way of insuring against all or part of such losses by "hedging" through traded options. These are financial instruments carrying the right, but not the obligation, to buy or sell shares at a fixed price during a fixed period.

There are two types of option. A "call" option gives you the right to buy shares, and is useful as a speculative tool. A "put" option gives you the right to sell shares, and is often used to protect a portfolio.

If, for example, you bought 1,000 Glaxo shares in March, you could have paid \$7,000 – or 700p a share. At the same time, you could have bought an October 850 put option – the right to sell 1,000 Glaxo shares – 850p between March and October, thus setting a floor on potential losses. The premium for the put option would have been 42p a share, or 4200 in

total for a contract covering 1,000. This is, effectively, 43¢ of insurance for every 700¢ share from March to October, and equates to an insurance premium of around 10 per cent for the year.

This might seem expensive: very few people would spend £20,000 a year protecting a £200,000 house. But it largely depends on the inherent risk, which is reflected by the volatility in the market. In this case, the caution would have paid off.

By the end of June, 1985, underlying share price stood at just over 550p. The options could have been "exercised" and shares sold for 630p. After deducting the 43p a share option price, the options limited the maximum loss to 42p a share rather than 150p - allowing you, in effect, to sell at 608p.

The main difference between options and conventional insurance, however, is that an option can also be sold on at a profit.

An option's price is made up of two elements. First, "time value" is calculated from the length of time left before the option expires, and how volatile the share price is.

A cartoon illustration by Walrus. A large, sweating man in a suit is running through a stock market trading floor. He is running past a sign that says "OPTIONS DEALING RING". In the background, two small figures stand near a sign that says "SHARE PRICES". In the foreground, a large sign reads "DANGER SMALL INVESTORS SHOULD STAY OUT OF THE PUT AREA". The cartoon is signed "Walrus" at the bottom.

shares fell to \$50p recently and the price at the time put option was consequently at \$1.35p. So if you thought the stock had turned the corner, you could sell your option back into the market for about \$1.35p.

Of course, big investors usually have a varied portfolio of shares so, rather than protecting each share with an individual put option, a more likely strategy would be to hedge the whole portfolio with a put option on the index. Index options are different from individual equity options in that exercising the contract costs only cash, not shares. Thus, rather than selling off shares, you are compensated for their loss in value.

When the market was at its peak of 3,320, a put option at 3,500 (ie, one that provided almost total protection) might

have cost █ per cent of the portfolio value. █ derivations, analysts estimate that protection at \$,200 would cost only 1 per cent.

Options traders say the best time for an investor to buy derivatives is after the market has moved (whether upward or downward) by more than 10 per cent over a short period as there is a strong chance that move will be followed by a reversal. As the FT-SE 100 has recovered by 300 point since the █ of June, now might be a good time to ensure that the recent 300-point gain is not lost.

█ of index options is shown on the London stock market report page of the FT. Individual stock option prices are shown inside the second section, generally on the *World Stock Markets* page).

█ See pensions, page VI

Directors' transactions

The largest deal of the week was at property company Birkby where William Cran, the chief executive, sold 400,000 shares at 273p each, raising more than £1m. The sale was undertaken for personal reasons.

□ Greys, the high street baker, has been enjoying a good run on its share price over the past 12 months. Indeed, interim results announced in the end of July

showed earnings growth of more than 25 per cent and a dividend increase of 10 per cent - fine results given the warmth of the summer which tends to depress people's appetite for sweet buns.

The sale recorded by managing director Mike Darrington of 1,200 shares leaves him with a total holding of more than 71,000.

**Vivien MacDonald
The Inside Track**

Why cost is everything

It might be galling for an investor with only a couple of thousand pounds ■ ■ ■ ■ ■ "Options are not for you." But this has nothing to do with the level of experience and everything to do with cost, which falls significantly after a certain level.

Many brokers will charge 2 per cent commission (com-

Even ShareLink, the cut-price Birmingham-based broker which claims to carry out around a quarter of all private investor dealing, charges a minimum of £1,000 for the whole process from purchase to sale.

buy and sell - often are high relative to equities. The spread on Glaxo October 500 calls was recently 82½¢ bid and 94½¢ offered, or 10 per cent. The spread on the underlying shares is around 2 per cent.

The other side of the argument is that if you can afford to lose the money, options are one of the few ways to get gearing with limited risk. The costs may be higher - but the potential gains and losses are greater, too.

What other PEP offers all this?

The initial charge on the Schroder PEP has been reduced to 3% now it will cost you less to invest in your PEP. There are no additional charges for unit trust PEPs apart from the normal unit trust annual charges. And there are no exit charges.

Spalte	Spalte	Spalte
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*Source: Micropal offer to bid with gross income reinvested since launch to 22/08/94. UK Enterprise Fund from 01/08/88 and from 01/08/89 +10.2%, 1/116; Smaller Companies Fund from 01/06/79 and from 01/08/89 +14.4%, 30/52; Income and UK Equity Funds from 03/01/72 (the earliest date for which Micropal figures are available) and from 01/08/89 +68.3%, 8/94 and +74.1%, 1/80 respectively.

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RESULTS DURING

Company	Dividend (p)	
	Last year	This year

FUND DEVELOPERS		Company	Shares	Value	% of Fund
Outboard East Hedge	Head	Tuesday	-	-	-
Flatwater Challenge	Director	Wednesday	2.0	4.0	2.1
IAF Group	Officer	Wednesday	0.5	0.7	-
MS Optimism Inc Ltd	NTF	Friday	1.88	1.88	1.68
Insiron	NTF	Friday	-	2.88	1.88
Johnson Fry Utilities	Director	Friday	-	-	-
ILP Printing Technologies	Ins	Thursday	0.98	1.78	0.85
Lonhard Insurance Grp	Ins	Tuesday	-	-	-
Newmark (London)	Ins	Wednesday	-	-	-
Pacific Horizon Inc	Ins	Wednesday	-	-	-
TRI Inc of London Ltd	NTF	Friday	1.23	-	-

INTERIM STATEMENTS

	Sector	Half-year to	Pre-tax profit (\$000)	Interest income per share (\$)
Bellco (Bent)	B&C	Jun	6,250	(7,100)
Cardinal & ...		Jun	(59,800)	-
...	Eng	Jun	5,300	(1,100)
... & West Side	n/a	Jun	26,000	(20,400)
... Side		Jun	16,500	(13,000)
... (S)	PolM	Jun	244 L	-

HoeG	Jun	232
Intz	Jul	858.4

Big Group	Offn	Jan	1,940	881	0.45
Big & Sicily Inns	Infr	Jul		(14.4)	(0.6)
Ridley Euro Values	Infr	Jun			(-)
First Industrial Inc	ns	Jun	7,600	(8,000)	(-)
Pharmacy Hotels	ns	Jun	170	170	2.2
	ns	Jun	17,689		1.3
Wm & Thayer	ns	Jun	429		1.2
Grulman Group	ns	Jun	4,150		1.8
Bradley	ns	Jun	9,980	(4,670)	3.7
Guards Royal Bank	ns	Jun	286,000		2.6
Hampden Countywide	Prop	Jun	707 L	(13,400)	-
Hibernian Group	ns	Jun	6,240 L	(51,460)	2.3
Inesco	ns	Jun	18,700	63,000	1.25
Interstate (Thomas)	ns	Jun	4,170 L	(455 L)	1.0
Kerry Group	ns	Jun	15,000	(25,700)	1.0
Latin American Inv	Infr	Jun	2.34	(1.8)	-
Life Sciences	ns	Jun	18,200		(-)
M&A Income Inv Trust	ns	Jun	70.84	(87.58)	(0.4)
M&M Recovery Inv Trl	ns	Jun	1.30	(1,100 L)	0.5
Morley	ns	Jun	28,000		0.1
MyTravel	ns	Jun	3,999		2.5
Money Trusts & Hstry	ns	Jun	59,600	(9,999)	3.3
Monument Oil & Gas	ns	Jun	3,400		2.63
Murray Ind Trst	ns	Jun	3,412		(-)
Northeast Venture Cap	ns	Aug	58.0	(-)	(-)
Northgate Group	ns	Jun	3,610	(3,942)	1.84
Outdoor Hotelier	ns	Jun	3,000	(458)	(-)
Parly	ns	Jun	2,622		0.75
Quicknet Group	ns	Jun	1,940	(1,960)	(2.25)
Rentall	ns	Jun	80,800	87,700	(0.4)
Sicily Eastern Inv	Infr	Jul		(105.4)	0.52
Sicily Inv Trust	ns	Jun	279.3	294.0	(-)
Sorin Engineering	ns	Jun	12,100	(11,400)	1.2
Steven River Crossing	ns	Jun	7,780	(8,140)	(-)
Storcom	ns	Jun	308	(80)	(-)
Strat Steel Estates	ns	Jun	39,800	(28,800)	2.4
Shannon	ns	Jun	184.4 L	(144.5)	(-)
TR High Income Trust	Infr	Jun	119.5		(-)
Telegraph	ns	Jun	30,300		(5.5)
Titan Edf	ns	Jun	33,100	(40,420)	(-)
Victrola	ns	Jun	6,200	(5,900)	2.6
Waco	ns	Jun	11,100	(7,040)	1.5
Wells Group	ns	Jun	16,900	(16,900)	0.0
Wile Corcoran	ns	Jun	51,100	(53,100)	1.05

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share ^a	price ^b	bid	of bid time ^c
--------------------	---	--------------------	-----	-----------------------------

	Prices in pence unless otherwise indicated				
Castle Combs	360*		340	24.50	ACE Holdings
Dale Electric	7014*				TT Group
Davenport Vernon		156	113	32.30	Evans Halshaw

RIGHTS ISSUES

Charter is to raise £33m via a 1-4 of 500p rights issue.
Wair Group is to raise 96m via a 1-4 at 282p double issue.

OFFERS FOR SALE PLACINGS REDEMPTIONS

COMPASS GROUP is to raise \$4.5m via its flotation.
Jupiter European Investment Trust is to raise £1m via a placing and offer of 25m shares at 50p.
20th zero dfv shares at 46p and 6.8m vics. at 52p.
Majestic Investments is to raise £15m via an issue of debenture stock.
Saniserv is coming to the market in October.
Shanco has proposed a 1 - 2 scrip issue.
World Plastics is to raise £1.5m via a placing and offer.

FINANCE AND THE FAMILY

How employers can trim NI bills

David Cohen looks at benefit loopholes

The government's latest attempt to block avoidance of National Insurance contributions (NICs) was announced this week by Peter Lilley, the security secretary. He said that the new regulations will be levied on payments to staff in the form of diamonds and fine wines.

But even if this really is the final bell for artificial avoidance schemes, and, until now, whenever one loophole has been closed, another has been discovered swiftly - there are still several straightforward steps which employers can take to mitigate their liabilities.

Both staff and employers must pay NICs. In each case, contributions are a percentage of earnings - up to 10 per cent for employees and 10.3 per cent for employers.

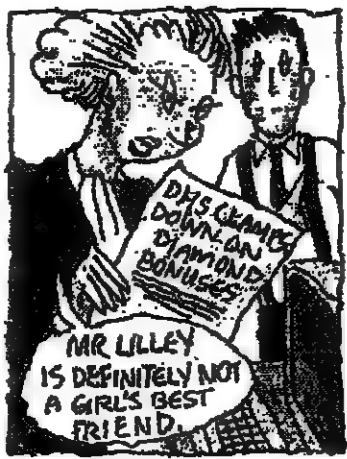
The key difference, however, is that while there is an upper salary limit (now £430 a week) above which no further employee contributions are due, there is no limit at all for employers. Hence, a £100,000 a year would have to

pay only around £10,000 personally - but the company would have to find £10,000.

There was an upper limit for employers until 1991, and it was the abolition of that which frustrated NICs from a minor irritant to a major corporate expense. Employers began to demand from clients with large amounts of high salaries that they find the difference off their copies of the NIC legislation. This was found to be a loophole in the NIC legislation.

The essence of the NIC legislation is that, generally, it is only salary and not perks. The rules are that the only techniques deployed by NIC-dodgers are to pay a non-cash benefit that could be converted, almost immediately, into cash.

Gift-edged stock, equities, unit trusts, gold bullion and, finally, expensive wines and cigars are exploited by the employer before, in turn, being converted by the employee into cash. The enduring mystery is why the government did not clarify the



definition of "earnings" for NIC purposes to include non-cash benefits; this has been the case with income tax for many years. It is not clear later it will, presumably, do the rational thing.

So long as benefits remain outside the net, companies continue to have plenty of opportunity to provide them to staff. Larger companies presumably will

standard items such as pensions, medical insurance and cheap loans, but smaller ones might also think of such perks as holidays or suites of furniture. These are lawful provided the order is placed by the employer and the employee cannot opt for cash in lieu.

Even more significant savings may be available for the substantial number of private companies run by owners. Instead of paying themselves extra salary, they can extract money NIC-free in the form of dividends. And if payments are not precisely proportional to shareholdings, the problem can be overcome by dividend sacrifices, or "wastages".

(Say that A and B each owns 50 of the 100 shares in Ltd but they have agreed that A should get twice as large a year-end bonus as B. The money can all be paid as a dividend provided B waives his entitlement in respect of 25 of his shares.)

A is to pay dividends rather than salary, however, never be taken on NIC grounds alone. The downside of a switch to the dividend route is that it will reduce pensionable earnings and land the company with an advance corporation tax bill.

It might also increase the value used by the Inland Revenue to assess inheritance tax liability on any future gift or bequest of shares.

Neither furniture suites nor extra dividends will be a practical proposition for public companies with substantial work forces. They, however, may be able to take advantage of a small chink left open when the equities loophole was closed in 1991.

Payment to an employee in the form of shares is still outside the NIC net if the shares are those of the employee's company or its parent. Although designed to benefit genuine long-term employee share schemes, the exemption would apply equally to a one-off share transfer followed by an immediate sale.

While this is a blissfully simple solution from an NIC perspective, it is fraught with legal complexities. Issues to be considered include whether the transaction requires shareholder approval; the timing of the sale (so as not to infringe the insider dealing rules); and the tax deductibility of the costs incurred by the company.

David Cohen is a partner in the City law firm of Palmer & Co.

The Professionals / Credit Suisse

A mind of their own

Last in a series by Joanna Slaughter on fund managers

Credit Suisse Asset Management in the London-based investment management arm of the mighty Swiss bank, has been a private client division, says Michael Bowater, head of the division. "The Swiss parentage brings to us an enormous amount of resources that are not available in the UK."

"You are talking about an institution with a huge amount of resources and management. It is the second biggest in Europe."

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Credit Suisse's City of London headquarters

Woolwich cuts rates

Woolwich building society this week became the latest to make overdraft rates - although it had already done so in July to 0.75 per cent a month. The trend was started by Halifax two months ago and has been followed by most societies.

Not only has Woolwich now lowered its rates to 0.75 per cent, matching the lowest available (from the Alliance & Leicester), it has raised credit interest rates to the same as those it pays on its ordinary interest account, Prime Gold.

Interest in the overdraft is 1.15 per cent from £1, 3.50 per cent

from £100, 4.5 per cent from £10,000, 5 per cent from £25,000 and 5.1 per cent from £50,000. With no monthly or quarterly payment fee for overdrafts, this makes the overdraft current account the most attractive for everyday use.

On the downside, selected items of Woolwich's Premier 50 and Prime have been reduced, and its Tessa also is reduced by 0.1 per cent on the lowest tier and 0.35 per cent from £5,000.

The fixed-rate market remains volatile. Five-year flat fixed rates for the societies have continued to be reduced and

the only one left is the fixed-rate bond from Britannia, offering 8.3 per cent from £25,000. A minimum investment of £25,000 with a maximum term of 10 years, it is a competitive bond, maturing on September 1, 1998. It pays 8.3 per cent from £25,000 with a maximum term of 10 years, it is a competitive bond, maturing on September 1, 1998.

Five-year escalator bonds remain popular. The best now available is from Woolwich. A minimum investment of £1,000 pays 7.5 per cent in the first year, rising to 11.5 per cent in the fifth.

Christine Bayliss, Moneyfacts

HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Rate	Term	Int. paid
INSTANT ACCESS A/c's				
Portman BS	0202 282444	0.75%	12m	Yr
Bradford & Bingley BS	0345 248248	0.75%	12m	Yr
Salmon BS	0756 703511	0.75%	12m	Yr
Nottingham BS	0532 481444	0.75%	12m	Yr
NOTICE A/c's and BONDS				
Bradford & Bingley	Direct Notice	0.75%	12m	Yr
Northern Rock BS	Postal 60	0.75%	12m	Yr
Universal BS	1 yr High Option	0.75%	12m	Yr
Newcastle BS	Nov 14	0.75%	12m	Yr
MONTHLY INTEREST				
Britannia BS	Capital Trust	0.75%	12m	Yr
Bradford & Bingley BS	Direct Notice	0.75%	12m	Yr
Scarlborough BS	Scarlborough 94	0.75%	12m	Yr
Newcastle BS	Nov 14	0.75%	12m	Yr
TESSEs (Tax Free)				
Market Harborough BS	0258 462344	5 Year	8.3%	Yr
Hindley & Ryley BS	0435 251234	5 Year	8.3%	Yr
Holmesdale BS	0759 897798	5 Year	8.3%	Yr
Nottingham BS	0602 481444	5 Year	8.3%	Yr
HIGH INTEREST CHEQUE A/c's (Gross)				
Woolwich BS	Current	0800 400900	Instant	0.75%
Halifax BS	Asset Reserve	0422 333333	Instant	0.75%
Chelso BS	Classic Postal	0800 717515	Instant	0.75%
OFFSHORE ACCOUNTS (Gross)				
Woolwich Guernsey Ltd	International	0481 715735	Instant	0.75%
Portman Channel Islands	Instant Gold	0481 822747	Instant	0.75%
Dorchester CIO Ltd	90 Day Notice	0524 652422	90 Day	0.75%
Woolwich Ltd	Instant Key	0481 715735	Instant	0.75%
GUARANTEED INCOME BONDS (Net)				
Liberty Life	061 440 6510	1 Year	8.3%	Yr
Premium Life	0444 458721	2 Year	8.3%	Yr
General Portfolio	0279 462533	3 Year	8.3%	Yr
Premium Life	0444 458721	4 Year	8.3%	Yr
Barclay	011 101 1011	5 Year	8.3%	Yr
NATIONAL SAVINGS A/c's & BONDS (Gross)				
Investment A/c	1 Month	£20	5.25%	Yr
Income Bonds	3 Month	£2,000	6.50%	Yr
Capital Bonds H	5 Year	£100	10.0%	Yr
First Option Bond	12 Month	£1,000	6.00%	Yr
Pensioners GBS	5 Year	£100	8.00%	Yr
DAY SAVINGS CERTIFICATES (Tax Free)				
41st Issue	8 Year	£100	8.00%	Yr
7th Issue Linked	5 Year	£100	8.00%	Yr
Childrens Bond F	5 Year	£25	7.25%	Yr

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. P = By Post only. A = Passbook account also required. B = 7 day loss of interest on all withdrawals. G = 6.75 per cent on £250 and above, 6 per cent on £25,000 and above. H = 6.75 per cent on £25,000 and above. Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Laundry Loan, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0822 500077. Figures compiled on: 25 August 1994

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ROBERT FLEMING & PARTNERS

FINANCE AND THE FAMILY

Cutting the risks when you take out a pension

Debbie Harrison examines ways to make it less of a gamble

Do you know what risks you are taking with your personal pension investments? Probably not, because life offices do not explain fully the risks associated with their products and some of the guarantees offered are anything but rock solid.

If you intend to make substantial contributions to your individual pension plan, it is possible to control the level of risk by running your own portfolio or appointing a stockbroker to do this for you. Self-investing personal pensions (SIPPs) - and, for small businesses, small self-administered schemes (SASSs) - provide this flexibility.

Where you do not have a substantial pension portfolio and intend to contribute less than £10,000 a year, however, the fixed costs of a SIPP are prohibitive and you should go for a SASS or personal pension.

Most providers offer a range of pooled funds that span the risk spectrum, starting with the full guarantee offered by deposit funds, working up through the quasi-guarantees offered by with-profit funds, culminating with the higher risk unit-linked, unit trusts and investment trust funds.

While the investment risks associated with the top and bottom ends of the spectrum are readily apparent, even if the charges are not, there is considerable confusion about the middle ground - the funds that offer a partial guarantee at a price.

Conventional wisdom argues that these funds are suitable for the more nervous investor

and for those approaching retirement. With-profit funds, and the unit-linked version, still form the backbone of the individual pensions market due to the apparently high level of stability offered through the build-up of guaranteed annual bonuses.

Over the past decade, though, with-profit funds have fallen into a bad reputation, with many realising a series of changes to the traditional with-profit concept has undermined the guarantee and, in most cases, between 50 per cent and 70 per cent of the final pay-out is discretionary.

Unit-linked funds do not even offer a basic guaranteed sum assured, while the fund actuary retains the right to reduce the guaranteed annual bonus if the fund is in a run of funds during a stock market crash.

Add to this the spate of bonus cuts experienced over the past few years - which is expected to continue - and there must be a serious question mark over the ability of all but the best of these funds to perform.

Now, there is an alternative: guaranteed equity funds, which use derivatives to guarantee a percentage of stock market growth or to guarantee



I WAS WORRIED ABOUT RISKING OUR PENSION MONEY ON INVESTMENTS SO I SPENT IT ALL ON ENOUGH TINNED FOOD TO LAST US UNTIL WE'RE 125

the unit value of fully-invested funds.

Derivatives have been used for some years by institutional pension funds but are relatively new to the retail market, with only a dozen or so providing a guaranteed fund.

Most funds so far are index trackers, where part of your investment is used to buy a call option to secure a percentage in the index rise while the rest is put on deposit to provide a guaranteed return.

A few providers, including Mercury Life and Provident Mutual, also actively manage the fund. The active management depends on which you

think will perform best over the guarantee period.

Several providers, including Manors Park and Provident Life, also offer a guarantee level. They also offer a choice of index links, including the FT-SE 100 and the more common FT-SE 250. But investors interested in guaranteed funds will find the selection confusing. Each fund offers different guarantees at different costs, so it is difficult to compare like with like.

Scotia argue that derivative-based funds are so complex that few independent financial advisers really understand them.

Shaun Coleman, derivatives specialist at Morgan Grenfell, disagrees. "A good IFA should be capable of breaking these products down, identifying the component parts and working out how much they cost in the market," he says.

Essentially, there are two key elements to consider. First: what level of performance or what percentage of the index is actually guaranteed? Second: what is the cost?

To provide the guarantee, an investment manager usually buys a call option or, more rarely, might use futures to hedge the portfolio. The cost of these derivatives is added to the total charges.

Regarding performance, it is fund choices. In each case, the value of your unit fluctuates in line with the underlying assets.

important to look at both capital growth and dividend yield. A common problem with some of the index tracker funds is that they guarantee the capital growth but use the substantial dividend yields to buy the option.

Actively-managed funds reinvest the dividend yield and should, in theory, provide a better return assuming that the manager outperforms the index. The cost here is likely to be between 1 per cent and 1.5 per cent a year on top of the usual annual charges.

If you need to retain access to your money, you should examine the penalties for early surrender. Some funds lock in gains in the first year, which provides greater flexibility than the one year lock-ins. But the call option guarantee price is expensive - and you must pay for this flexibility.

So, who should use these funds? Andrew Warwick-Thompson, head of partnership pensions at actuarial consultants Bacon & Woodrow, says: "Guaranteed products should be used only in the run-up to retirement to lock in to gains and to protect against price volatility. Until then, ordinary equity funds offer a better return because you are not paying for the guarantee."

Warwick-Thompson is convinced that, in this capacity, guaranteed funds are better than with-profits. "Guaranteed funds offer protection at a price, but at least you know exactly what you are getting and how much it costs. The returns on with-profits funds are almost entirely at the discretion of the actuary." With-profit charges also tend to be obscure, particularly on traditional contracts.

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BT tempts customers

How much do you save? (£)	
Total direct-dial calls at basic rate	144.00
Less 15%	21.60
Less 15%	122.40
Add line rental	20.16
	142.56
Add VAT	24.96
	167.51
Add 25 PremierLine fee	6.00
	173.51
A. Effective total bill with PremierLine	173.51
Previous charge for calls	144.00
B. Total bill (incl line rental & VAT)	167.51
Reduction with PremierLine (B-A)	14.67
Reduction as % of bill B	8.6%

The table shows savings based on two examples of quarterly bills. The calculations are approximate and assume that all the direct-dial calls qualify for the 15% discount. After automatic discount.

British Telecom is offering customers a new discount service. "With 15 per cent off, our best customers now make the biggest savings," is the headline on a BT letter mailed out with the booklet "Introducing BT PremierLine".

But, as the detailed conditions explain, the 15 per cent discount does not come off the bottom line of the telephone bill. It reduces the basic unit rate for local, long-distance and international calls dialled direct. For calls to mobiles and information or entertainment lines, the discount is 10 per cent.

PremierLine costs £24 a year, which has to be paid in advance and also covers various minor extras such as "talking points", with each £1 of the (ex-VAT) telephone bill gaining points towards gifts or air miles. All PremierLine customers start with 500 free talking points, which they can reasonably secure of securing the minimum gift of a weed-grubber worth 510 points.

PremierLine is not the only BT discount scheme. There is also Option 15, offering a 10 per cent discount for a £16 annual fee, paid quarterly. A friends and family scheme gives 5 per cent discount on calls to five selected numbers (one can be overseas) for a one-off fee of £4.50. Combined with Option 15 or PremierLine, this can raise the discount on the chosen numbers to 15 per cent or 20 per cent.

Are the discounts worth it? A quick look at your last telephone bill will supply most of the answers. BT bills show a total for direct-dialled calls at the basic rate. If this is consistently at £40 for the quarter, you could be close to breaking-even with both Option 15 and PremierLine.

Obviously, a 10 per cent discount on £40 covers the £4 quarterly fee for Option 15. And a 15 per cent discount on basic-rate call charges of £160 for the year meets the £24 PremierLine fee. But the break-even point will be higher for people making frequent calls to mobile phones or other where the discount is lower.

BT's automatic discounts begin once call charges exceed roughly £50 at the basic 42p per unit rate. The exact amount depends on the number of days in the quarter.

The next £200 worth are at 3.99p (5 per cent off), and units past £250 are at 3.59p (5 per cent off). So, the range of discounts passed up by people joining PremierLine is from zero to 250 to an average of around 6 per cent on £500 worth of calls.

To get a rough idea of the real saving likely with PremierLine, knock 15 per cent off the last bill's quarterly total of direct-dialled calls at basic rate, add line rental (£20.16) and VAT. Then add £24 for a quarter of the £24 fee and compare the result with the final total from the last bill.

As the table shows, real savings are likely to be about half the 15 per cent rate.

Barbara Ellis

Different schemes and how they work

Option guarantees

Shaun Coleman, derivatives specialist at Morgan Grenfell, gives the following example (which does not include charges).

Options essentially give you the opportunity to look back and say "If I had only known..." In the case of a simple five-year equity bond, someone investing £100 could be offered back a guaranteed £125 or the rise in the index, if greater.

To achieve this, the manager buys a call option on the FT-SE 100 index worth 100 per cent of the investment (ie, £100). This gives the manager the right to buy £100 worth of equity market increase over 5 per cent in five years' time.

The remaining £24 is invested in a five-year deposit at 8.5 per cent and, after five years, is worth £125. If the

market falls, you get the £125 and the call option is worthless. If the market rises, say 27 per cent, you get the £125 from the deposit plus the excess in the rise over 25 per cent - ie, 2 per cent - providing a total of £127 at maturity.

Most guaranteed pension funds also offer the chance to look in to gains at regular intervals. Quarterly lock-ins usually are more flexible but more expensive than the annual version.

With-profits
Traditional with-profits funds invest in UK and international equities, gilts and fixed-interest securities, plus property. In addition to a guaranteed sum at maturity, the life

office adds annual bonuses that also are guaranteed. These bonuses are "smoothed" - that is, the actuary retains some profits in good years to maintain a fairly consistent return in bad years.

On top of this there is a final bonus, which is discretionary and tends to reflect recent performance. This used to represent about 30 per cent of final payout but today it represents between 50 and 70 per cent, so the guaranteed element has been slashed. The main charges are not explicit but are deducted from the fund bonus - the bonus rate is declared.

Unit-linked with-profits have almost entirely replaced traditional with-

profits. With these, there is no sum guaranteed at maturity and annual bonuses are applied by increases to the unit price or the number of units. Some, but not all, providers guarantee a minimum increase, usually of 4 per cent. There is also a terminal bonus which is determined by the fund actuary.

Charges are more explicit than on the traditional version and include a bid/offer spread, an annual charge, and a capital levy - an extra charge made in the early years to recoup the cost of commission paid to advisers.

Equity-linked funds
If you want exposure to the stock market and do not need the guarantee, then there are two main pooled

fund choices. In each case, the value of your unit fluctuates in line with the underlying assets.

Unit-linked personal pensions are available from more than 100 life offices, which offer a wide range of UK and international equity funds. The most popular choice is the managed fund, which invests in a range of the provider's other main funds. Charges include a bid/offer spread, an annual management charge, and a capital levy.

Unit trust personal pensions offer a similar range of funds to unit-linked plans but are available from only a handful of unit trust groups; these include Gartmore, Invesco Fund Managers and Boscawen Asset Management. Charges are transparent and do not include the capital levy used by life offices.

Cashback: the Revenue replies

If you are choosing between different types of mortgage incentives, one significant tax question remains unresolved.

Lenders have been encouraging borrowers to take variable rate mortgages by offering a lump sum cash payment or a discounted rate for a limited period. In general, the discounted rate tends to offer better value - but the cost of moving home are such that many people choose the cash.

The problem is that the Inland Revenue has not said clearly if these cash payments are taxable.

Only in the case of the Cheltenham and Gloucester Cashback scheme - details of which were submitted by the society - has the Revenue said that would be payable as a capital gain if borrowers had used their annual £5,000 CGT exemption.

Now, however, the Revenue has agreed to answer questions from the Western FT.

Q. What is the tax behind taxing the C&G cashback as capital gain? Some accountants believe the cashback payment should be treated as a reduction in the borrower's total interest paid for the tax year, and their mortgage relief reduced accordingly.

A. Under the C&G scheme, borrowers who took out new mortgages on or before July 31 1994 (and have personal deposits with the society) were entitled to receive in cash a certain percentage of the amount borrowed from the society. This is clearly a contractual arrangement between C&G and the borrower. The receipt is a capital sum derived from the contractual right. It is, therefore, chargeable under Section 22 (1) of the Capital Gains Act 1982.

If the cashback were a rebate of interest, the borrower's entitlement to mortgage interest relief would be reduced accordingly, and it would be up to the lender to operate the Miras arrangements on the reduced amount of interest. But we are not aware of such schemes.

Q. Other accountants say that since the C&G cashback is conditional - the borrower would have to repay it if they redeemed the mortgage within three years - it cannot be treated as a gain until the three years are up instead of the year in which it was taken. What is your view?

A. The cashback is treated as a capital receipt chargeable to CGT in the year it is received. If, in the event, it was repaid,

we would look at this in the context of Section 40 TCGA (contingent liabilities) and whether the borrower would then be entitled to make a claim under sub-section (2) to have any assessment reduced.

Q. Must lenders show you details of their scheme before you can make a decision? Surely the principles are similar with all cashbacks?

A. Although the principles may be similar, it is unlikely that any of the schemes will be quite the same. A proper option cannot be provided without examining the relevant documentation.

Q. Presumably if a borrower showed you details of a cashback before taking out a loan, you would be able to give him a clear answer regarding the tax treatment?

A. Unless the borrower had already signed up, we would only be able to advise on schemes we had considered. But the lender must submit the scheme for consideration.

Q. Is there a difference in the tax treatment of a repayment mortgage rather than an endowment one?

A. It is unlikely that the type of mortgage involved will make a difference.

Scheherazade Daneshkhu

Witan

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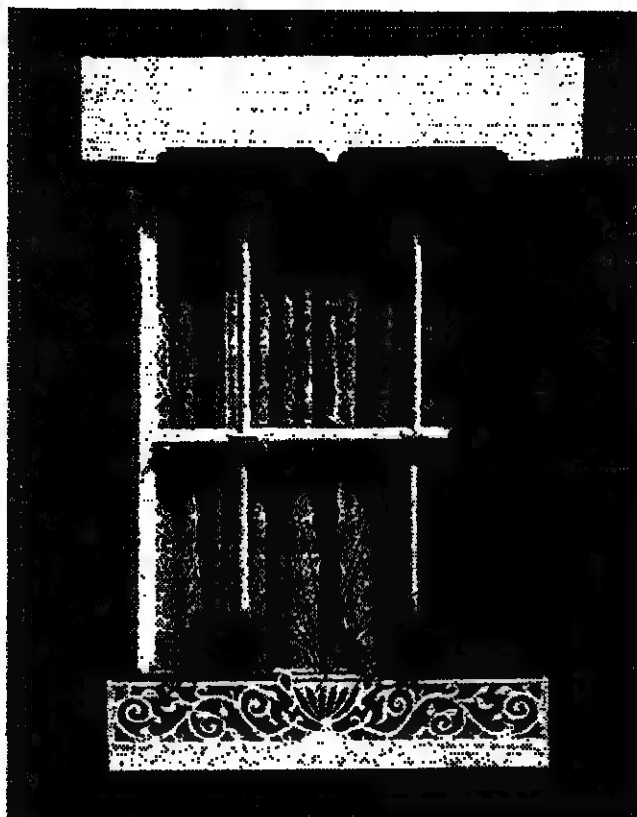
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	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Barclays	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Caulfield (01753 42474)	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
City & Midland	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Lloyds & TSB	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Northern	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Preston	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Santander	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
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	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Santander	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Santander	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
Santander	Specialist Savings	£50	7.20	7.20	100	5.00	100	1.00%	1.00%
	Home 90	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
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	Home 100	£50	6.00	6.00	100	5.10	100	1.00%	1.00%
	Home 110	£50	6.00	6.00	100	5.10	100	1.00%	1.00%

HOW TO SPEND IT

Designs for the garden



Decorative facade for window-boxes



Customised headboards for adults or children

Since I last wrote about Frolics of Winchester, a small company with an individual approach to designing everything from the well-dressed garden needs, it has expanded its range. Its chief claim to our attention was its use of a material called Medex, made from a strong and versatile mix of 85 per cent wood fibre and 15 per cent resin.

Because Medex lends itself to easy cutting, Frolics developed a series of interesting garden benches and trellising.

There is now a much fatter catalogue, a larger range of garden seating (simple and straight, curved, circular for going round a tree, and a corner seat) and tables (round, octagonal, rectangular and with a variety of bases) as well as bed headboards and decorative facades for window-boxes,

both photographed here. The headboards can be custom-made and designed for adults or children. Prices range from £170-£280 including VAT and delivery.

Frolics sells both the window-box (£40) and the headboard (£120) photographed here in dark green, grey green, dark blue or white (£45, 3-ft long), or any other colour for an extra £7.

Finally, not photographed, but very dramatic are Frolics' perspective arches that make a striking focal point, particularly suited for small walled town gardens (£250-£120).

For details and a catalogue write to Frolics of Winchester, 82 Cannon St, Winchester, Hants, SO3 9 JQ, 0962-2222.

L v d P

When Marc Vlesing, a media consultant and film producer working entirely from home, wanted a new desk to cope with the screens, computers, cables, and machines that were cluttering his work-surface, he found, to his astonishment, that there was almost nothing on the market that met his needs. Or rather, nothing that cost less than about £4,000.

He started by going to Habitat and then to an office stationery store ("Have you seen what they have to offer?" he explodes. "It's as if they were still operating in the 1960s") but neither came up with anything of the size and quality he was after.

The desks in the furniture stores tended to be not big enough to cope with the serious amounts of technology the up-to-date homemaker needs, including a screen, fax machine and printer. Those in the catalogues of the furniture companies were mainly aimed at the purchasing manager in large companies and were quite unsuitable for any domestic environment.

Some furniture retailers, it is true, specialise in desk systems, all clearly aimed at the "executive" market but these tend to be over-designed and are usually prohibitively expensive. All of which seems odd in the light of the fact that more and more people are working from home (The Henley Centre suggests that there are already 300,000 teleworkers and that by 1995, 2.5m people will be working from home). While the computer companies have moved fast in supplying affordable, powerful computers suitable for home-use as well as attractive software, the furniture to go with it has lagged behind.

Vlesing decided there was nothing for it but to get cracking himself. He approached Oliver Peake, an interior and furniture designer, and together they set about trying to produce something that was good to look at, large enough to meet Vlesing's needs and not too expensive. What they came up with is photographed here - as you see it gets away from the rather boring square desk with cabinets on either side which are standard office issue. It has curving lines, good materials and finishes, and an altogether pleasing look.

Vlesing calls his system "Desk". It consists of the desk pictured here and a satellite filing station, seen here in the far corner of the room. Included in the price of £3,500 are all the filing systems and the drawers but none of the equipment.

The hard disk and printer fit on to sliding shelves and, in this version, the satellite filing station holds the fax machine. The monitor screen is on an extendable arm so that it can be at eye-level and be moved in and out of the way.

The basic structure is MDF (medium density fibre, a relatively inexpensive, stable material much used in the furniture industry) with aluminium cladding. The filing cabinets and drawers are aluminium clad, brushed and lacquered and the work-top is a linoleum-like material called Desktop. It is photographed here in a pale grey finish but Desktop comes in 12 different colours. A maple trim on the top of the worktop hides the cables and also functions as a pencil-holder.

The desk top is raised on four steel columns through which the cables run. The printer and the computer are both on sliding trays in the cabinet,



Ideas above his workstation

Lucia van der Post finds that desk design is catching up with office technology

and are very accessible. Both the desk and the filing station have industrial trolley wheels so that they can be moved easily. It is available to order only. Anybody who is interested should contact Oliver Peake on 071-376 0670.

If all that sounds a bit elaborate for you, you could, of course, just settle for a large table. Ikea stores, for example, 221 North Circular Road, London NW10 6JQ, for mail order (unfurnished spruce, pine, birch or a mixture of all three, £21) on trestles (£22), which add up to the princely sum of £43. A thing of beauty it is not but it is certainly serviceable,

straightforward and entirely unimposing. You could then add a drawer unit on castors for another £80 and be done with it.

Another, prettier solution, for technophobes who are still working mainly with paper and pen and perhaps have just a simple PC and telephone and do not mind the few cables they have being on show, is Castellan Italia's Rondo desk - in walnut or cherry with three little drawers. It would fit into almost any home but at £1,393 is a real piece of furniture. It is stocked by Atrium of 22-24 St Giles High Street, London WC2E. Aram Design of 3, Egan Street, London WC2E always has a selection of

clean and simple desks. Possibly the most stylish of all the simple solutions is Alvar Aalto's solid Birch desk with a top veneered in a choice of black linoleum, white laminate, ash or birch. With a comes a pedestal storage cabinet with five, three or two drawers. It costs £787.

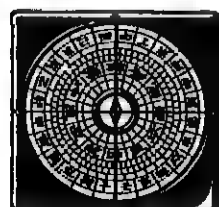
Or there is Jasper Morrison's plain-as-plain blond wood table which sells for just £800 and Marcel Breuer's elegantly clean-lined solution, a combination of a black-ash-stained desk top with a crisp five-drawer cabinet attached to the side for £1,325.

But if simplicity does not solve your problem - if you want the cables attached to the technology neatly and

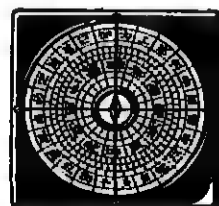
properly housed, then the prices go whizzing up.

Interubike, the German office furniture manufacturer has a range designed for the home - a bit like my tastes, it nonetheless is functional, beautifully-made (the top is of Swiss pearwood), keeps all the clutter out of sight and offers a drawer or a pinth for every device you could possibly need. It is a modular system, so you choose the bits you require. A good-sized desk, some cabinets for storage and what is called in the jargon of the office furniture world a "return", would set you back at least £3,500, if not more. The range can be seen at Atrium.

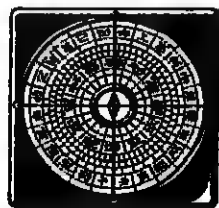
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Mr. Ruhl left school in Frankfurt with an academic record which would have made him welcome at any university in Germany.

Instead, as national barriers come down, Ruhl - along with thousands of his countrymen - has decided to study in Britain. "The British students are much better, and his fees will be met by UK local authorities. He is one of an increasing number of young Europeans to take advantage of EC regulations enabling them to escape university campuses in their own countries.

Figures from the Department for Education show that the number of EC students at British universities has risen to 35,200, almost seven times the figure a decade ago. The numbers arriving have risen by a quarter in each year since 1988.

The flood of foreign undergraduates is increasing the already stiff competition among British students for the most favoured university places, because there is little incentive for the British to study abroad. Ruhl, in his second year at Queens' College, Cambridge, explains: "My friends at German universities are complaining for floor-space in lectures with 800 other people. Here, I have 100 hours' contact with my professor every week."

Some nations are more on Britain than others. The Germans are becoming as ubiquitous on campus as they are in holiday resorts. Greeks are running them close, and both groups now outnumber the former leading nation, America. The French, however, are scarcely visible.

Previously, continental Europeans have come to Britain as postgraduates, or as part of a programme based in their home countries. But the cosmopolitan, multi-



Taking a punt on a British education: continental students are finding UK universities increasingly attractive and affordable

Alan Harper

Britain's hire education

Andrew Gilligan looks at the international appeal of UK universities

increase in students choosing to study in Britain for a first degree. They follow the same syllabuses as those in their home countries; they sit the same exams; many even come complete with British A-levels, taken at sixth-form colleges in the hope of improving their entry chances. Most importantly of all, under EC rules their fees are paid by the British local authority where they study.

For the cosmopolitan, multi-lingual children of the European bourgeoisie, it is a bargain. "British higher education is idyllic, Elysian compared to most European systems," says Judie Cole, the German demic Exchange Service, a London-based agency which advises those wishing to study in the UK.

In an odd inversion of the normal rules, continental European students travelling

across the English Channel are wafted from a struggling, utilitarian world of dormitory beds and plastic cutlery into a privileged, even sybaritic, existence of private rooms and personal tuition.

The continental tradition of accepting for degree courses all who pass a school-leaving exam may be egalitarian, but it also brings overcrowded halls, impersonal teaching and, say many, academic mediocrity.

"You are just a number," says Cole. "Many students must sometimes sit through a morning of lectures outside their subjects in order to be sure of a place in the afternoon. Unlike in Britain, drop-out rates are high."

British universities' selectivity, as much as their comparative luxury, is the attraction for the bright and ambitious. "A British degree marks you out from the crowd," says Ruhl. "Employers know it's tough to get in."

A three-year BA is a quicker way of showing your mettle than the traditional continental route of a further degree, rarely accomplished in under six years.

Universities are happy - and perhaps slightly flattered - to welcome their clever new applicants. Dr Graham Richards, senior tutor of Brasenose College, Oxford, wrote in the university's magazine that they were "likely to become a major part of our admissions" from which "the university can only gain".

For British universities' traditional students, however, the academic migrants are a threat. Every place for a continental high-flyer means one less for a British student. As yet, the numbers are too small to matter much, but Dr Richards predicts that "if in 10 years, 25 per cent of our intake was from the continent, the British parent who has paid large public school fees in the hope of buying an easier route to Oxbridge may begin to squelch".

Dr Richards' forecast is a long way from fruition: 400 Germans at Oxford is still not many in a university of 13,000. But the cross-channel students, many of whom are from the countries' elites, already have an importance for Britain's European relations of all proportion to their numbers.

Ironically, however, the very factors which draw students to Britain in the first place are disappearing even as they arrive in increasing numbers. As high a proportion of the British student-age population now attends higher education as in the rest of Europe; and with the sector's breakfast expansion have come problems, albeit in embryonic form, familiar to many inmates of Bochum, Padua or Grenoble.

Top 500 independent schools, Pages XIV and XV

مكتبة الامم

FASHION

Inspired by her memories of the Caspian Sea

Lucia van der Post on the sheer elegance of Shirin Guild

All summer, the suit I have worn most often - the one I have for when I want to be well-dressed enough to face the frock-fancying world without feeling all trussed up - has been a relaxed number I found by chance in Browns, South Molton Street, London W1.

Attracted at once by its air of off-hand chic, its great comfort (the skirt has a full-length flap that gives it a bit of dash and an elasticated band to accommodate lunch at the Caprice) and its excellent price, I did not know then how often I would wear it.

Judged by that old-fashioned editor's adage that the true cost of a garment is the price divided by the number of times you wear it, the suit has cost little more than a row of beans and I have only had it since April. Who designed this marvel, then? An elegantly thin and Iranian called Shirin Guild, who now lives in London and is married to Robin Guild, an interior design consultant once married to

Tricia Guild of Designers' Guild who, it so happens, wears Shirin Guild's clothes much of the time. Her autumn range is as distinctive as the clothes she has seen in a long time.

Most of her fans first become addicted to her clothes after buying one of her sweaters. You may think that a sweater is a sweater is a sweater... until you see Shirin Guild's sweaters. They are voluminous and dramatic - great square shapes with hemlines that dip and sleeves that start somewhere around the elbow. I have never yet worn one without those who have come upon them saying: "Aha, I see you are wearing a Shirin Guild sweater," and those not in the know wanting to know where they can buy one like it.

I think they work best with her own ethnically-inspired trousers - slightly square-cut, often cropped above the ankle, sometimes capri-length-cut rather like baggy Kurdish trousers, but they are easily worn with jeans or leggings.

Like Rei Kawakubo of Comme des Garçons and Issey Miyake, Shirin Guild derives much of her inspiration from the traditional indigenous clothing she saw all around her as a child. "I always think," she says, "of those scarecrows by the Caspian Sea with their great black square coats."

She uses the bold shapes and strong lines ("often peasants simply cut and fold the fabric and then cut holes in the middle for the head") that are the hallmark of the clothing worn by the working people of Iran and this gives her pieces both a strong identity and great comfort.

Though Guild herself wears her own clothes to perfection and she is so thin that she was busy downing pints of creamy milk to fatten up when we met, they are particularly kind to larger women: capacious but having considerable pizzazz.

The collection has a strong handwriting but the pieces do not have to be bought as a package or outfit. Issey Miyake once said: "I love to see people make the clothes belong to them, make them no longer mine, but their own." It could also apply to Guild, for her clothes demand a complicity with the customer. They are "not a finished piece of design until the wearer has made her contribution."

At Browns, Guild's clothes are sold mainly as separate pieces. "The women who buy Shirin Guild's designs tend to have a great deal of personal style and they are confident about mixing her pieces with the clothes they already have," says Françoise Tessier, chief buyer and a director of Browns. Kate Bush, the singer, is a fan, so is the designer Maryse Boxer and a TV anchorwoman from Washington DC who buys the entire collection each season by telephone.



Right: fine lightweight brown checked wool jacket, £335, worn with brown checked wool flap-fronted trousers, a design based on traditional Iranian trousers, £220. Cotton and wool shirt, £220.

Near left, fine brown checked wool trousers, £220, worn with cotton and wool checked shirt, £220 and one of Shirin Guild's trademark voluminous sweaters, this time in finest three-ply cashmere, £780.

Far left, fine black wool double-layered skirt, £180, loose white and black cotton shirt, £205, and a small-sleeved black waistcoat, £235.

All at Browns of South Molton Street, London SW1. Liberty of Regent Street, London W1 has just started stocking Shirin Guild and the entire autumn collection sold out within a week but has now been re-ordered. Other stockists are Polyanna in Barnet, Yorkshire; Feathers of 40 Hans Crescent, London SW1; and Linda Dresner of 68/69 Park Avenue, New York.

Drawings by Graham Marsh.



Me and My Wardrobe Bloomsbury in artist's bloomers

Jane Mulvagh meets Celia Lyttelton

Celia Lyttelton, artist, art critic and traveller, is a throw-back to a Bloomsbury world. Her flapper's bob, preference for short skirts, silk stockings, and brocade rather than sensible shoes and the way she is surrounded by her coterie of friends, is reminiscent of those rarefied circles which preoccupied the Bloomsburys and Prys half a century ago.

Indeed many of their descendants are her friends and fellow artists and, like them, her decorative surroundings, dress, and reading material are all crafted by them. Cressida Bell painted the silk that Lyttelton uses for cushions. Aileen Edwards designed the chair in which she sits. Eileen Eades the scones lighting the room. Craigie Aitchison, Paul Benney and Matthew Spender painted the portraits of "Celia" that adorn the faux-Pompeian villa walls of her drawing room.

Alastair Thorne photographed her in the ball dress given by her friend and former lodger, Lady Henrietta Ross. The wardrobe holds clothes by Georgina Godley, Aileen Hamilton, Paul Frith, Cressida Bell, Koji Tatsuno and Bella Freud: all of whom have lived at her Jasper Morrison table.

With such an aesthetic education and an absolute disregard for the winds of commercial taste, Lyttelton surveys the contemporary art scene; hangs it, wears it and reports on it in the pages of *Tatler* or the Japanese cult magazine, *Le Millenium*.

Her love of the avant-garde is disciplined by an exacting sense of manners. Practicality and comfort are marginalised by her love of ceremony, decoration and humour. She loathes sports clothes and all the sloppiness they engender, denim for its profligacy, Valentino for his vulgarity and Armani for his ludicrous and cruel demands on the female form.

There is a common place or sensible about Lyttelton's taste.

She never goes to shops. "I hate them. They never have anything you want and they are expensive. I only go into them when I am abroad."

"Last month I spent three hours in Issey Miyake's Tokyo store, just admiring the clothes," she says. "Instead she buys from her friends. It's so much more fun trying on clothes in her [Hamilton] studio with the sound of sewing machines still putting the seams together or buying a whole load of outfits in Bella's [Freud] sitting room, while she's on the 'phone and friends pop round. Anyway, it's cheaper that way."

Lyttelton's attitude to buying clothes is the same as it is to buying furniture or paintings: she enjoys patronising talent and "in a modest way, I like helping a designer on his way and helping to set a trend. That's why I like young designers who have not been discovered, so that I can be the only one wearing it. I cannot bear anyone else having something I have."

Apart from her friends, Lyttelton, dresses in cast-offs - a Mary Quant mini given to her by George Melly's wife, Diana; a Molynaux inherited from her grandmother; bloomers from the Spanish painter Anna Corbero; an old "Granny Takes a Trip" jacket from Nell Campbell; a New York nightgown; and an Ossie Clark skirt - or junk-shop finds from Echoes in Hobden Bridge or antique shops wherever she happens to be staying.

Lyttelton is "never knowingly under-dressed". Her two extravaganzas are silk stockings of every shade and her custom-made Rigby & Peller black or pink satin bras, deemed a necessity because: "My bosoms are huge and my back is tiny. Every time I went into a department store the assistants just laughed, so Issey [Blow] dragged me to Rigby's."



Frog green suede loons from a second hand store in London's Portobello Road. Vivienne Westwood velvet "Rubens" print T-shirt. Black boots from Red or Dead.



Lyttelton in Issey Miyake ultra marine pleated tunic and trousers, navy suede shoes from Rome. The jewellery in the pictures is either inherited or from Jesse & Laid.

Lyttelton cannot remember a time when she did not love clothes. "As a child I would fantasise about them and was much more fastidious than I am now. I used to have specially tailored first night gear to accompany my grandfather [the theatre critic Sir Harold Hobson] and when I was a teenager I had 10 pairs of platforms from Petticoat Lane and pirate gear from West-End."

Her sartorial icons now are Marella Agnelli for "that neck" and her good, simple taste and Issey Blow, features associated with Vogue "because all day she wears evening clothes". Her pet hate is anything touched by the grunge school of dress and most Italian fashion.

Her incomprehension of Italian style is reciprocated, for few Continentals can cope with her disregard for convention. It is not unusual for Lyttelton to turn up to a party in one beautiful shoe, "the other being lost on the hard shoulder of the M4" for she would rather wear one stunner than two ugly ones.

She used to suffer a weakness for Manolo Blahnik's shoes. "I would go to all his sales but now they are really rather Dolcis. I was as angry with a pair I bought

recently that I ripped the sole off." Instead she is shod by Johnnie Moke, Miranda Morrison, Freud and, when working in her etching studio, by a 1930s pair of white leather ladies golfing shoes worn with a white overall and white tights.

For someone who adores clothes, Lyttelton is blessed with a sense of contentment. "I do not need any more. Anyway people keep giving me their old stuff and once a year I do buy one thing, otherwise there is an embargo. In the end one has too many. I often forget I've got outfits because they've fallen off hangers and lie at the back of my wardrobe and I've lost so many Philip Treacy hats in New York nightclubs."

If she were to have a windfall she would spend it on coloured kid leather gloves from Yves Saint Laurent in Paris, more real silk stockings and a soft leather bag.

This unorthodox aesthete would also like to make two pleas: "More gold, like gold sandals. People don't wear enough gold. And the daring mix of colours and patterns, not in a sissy style, but a more sophisticated one. Oh, and one more thought. More monochrome black."

Celia Lyttelton in the black and gold brocade bloomers from Barcelona given to her by her friend, the painter, Anna Corbero; a 1930s gold organza jacket inherited from her grandmother, Lady Henrietta Lyttelton, Viscountess Glendower; Johnnie Moke bespoke shoes made from an off-the-beat oyster and black velvet satin taken from a Dior ballgown.

TRAVEL

Galicia marches forward into the past

Is it celtic magic that makes this area of Spain refuse to become part of the present?

Nicholas Woodsworth braves the elements as he tries to find out

There is some strange power about the damp, green, western-most edge of Europe. I am not a superstitious person. I will run a mile from mystics, astrologers, mistletoe-draped Druids or new

But enrobe me in mist on a sheep-cropped hillside, lash me with a couple of rain-driven Atlantic gales, then set me by a fire in a stone village with a bottle of something strong. In circumstances such as these, I am just about willing to admit that there is magic in today's modern Europe. Some old celtic magic is still at work.

How else could you explain Galicia, a place that should not really exist? I can understand rain, moody introspection and an overbearing sense of the past in places further north. West-coast Ireland, the hills of Wales, remote villages in Brittany — all are natural homes for brooding spirits.

But Spain? This is supposed to be the land of hot sun and exuberant passions. There are many superficial explanations for Galicia's magic. It is a long way from the tourist costs and cut off from the rest of Spain by the Picos de Europa mountains.

It is an under-developed and rural "backwards" word that sounds odd in forward-looking Europe until you run into your first Galician ox-drawn plough or solid wooden cartwheel.

Still others put it down to the weather: the unending rain, the squalls and the hills that keep the Galicians hillside and green year-round but discourages mass tourism, economic development and fiery temperaments.

Whatever the reason, it is all as un-Spanish as you could imagine. I still say it is celtic

magic. The Celts arrived in Galicia in the 6th century BC, and have not let go since, despite Roman occupation, Visigoth invasion, Moorish marauding and Franco's fascism.

It is perhaps not inappropriate that Francisco Franco was a Gallego. He shared the same values of devout catholicism, strong family ties and attachment to homeland as his countrymen.

The old ways are still there, but Gallegos have fared better in post-Franco Spain. Today they can pursue their own strongly held beliefs, speak their own language and ignore the rest of the country and the world precisely as they like.

In fact, much of their considerable energy, as far as I can make out, goes into creating inertia. For no matter what politics Irish, Welsh, Breton and Gallego nationalists profess, celtic blood will out. Their ancient race will continue to march forward into the past, towards history, often bloody and tragic, and towards a soulful, collective tribal memory.

Even the casual visitor will see age-old forces at work, a tug-of-war in which tiny Galicia is pulling itself away from a homogenised Euro-future. Further, it is winning.

□ □ □

The howling wind that blew rain horizontally into Cape Finisterre was too much for me, and I retreated from my lonely cliff-top post overlooking the sea. Finisterre — literally, the end of the earth — is the western-most point of continental Europe, and takes the full force of the Atlantic on its jutting chin. Its lighthouse was not yet lit as I made my way along the Costa da Morte, the coast of death, to the shelter of the fishing port of Camariñas.

Only the suicidal would venture out to sea in such weather, and the harbour was full of boats. But the village itself, in early evening, seemed dead as well. There was not a soul in the streets, bars or shops. Even finding a place to stay was difficult. Here on the wild and storm-battered northern rias (drowned river valleys) provisions for tourists are rarer than they are in the warmer, more protected ones to the south.

But in the Hotel Plaza, a homey place where the elderly



Concrete houses and wooden wheels: the Gallegos seem happier with the technology of the past

proprietors made space for me by their sitting room fireplace. I solved a mystery. The entire population was attending a street carnival up at the church to celebrate the coming feast-day of the village's patron saint, San Xurxo — Saint George to you and me. I wandered over to see how Gallegos let loose. On the way, I noticed what a mish-mash of a village Camariñas was. Gallegos have traditionally built with the slate and grey granite

of the hills that surround them. Even the most laboriously produced with plough and scythe, the Gallegos have carved in granite. All over the village were the long, low, narrow houses, oblong grain silos with peaked roofs, perched on the ground on mushroom-shaped stone piles. Invariably topped with crosses, the houses and ancient constructions lend an unwelcome air to the Galician countryside.

But Gallegos have failed to grasp the aesthetics of contemporary life. In the post-Franco years, easy credit brought a construction boom to a people who had lived the same way in the same houses for hundreds of years. Gallegos used concrete the same way they used stone. The result is fairly messy.

The street up to the Camariñas church was a hodge-podge of rough, unpainted, concrete-slab houses, road-side heaps of straw and manure, fields of cabbages, impromptu car parks, horrores with washing drying beneath them, and a couple of empty bars with television blaring away.

An innovative village festival committee had hired a rock

group from a distant city and the band was doing its best to pretend it was still in the 20th century. But it was getting little encouragement from the villagers. Coloured lights, wailing guitars, tight leather trousers, smoke-machines — nothing seemed to raise a reaction from the inhabitants of Camariñas.

Hands in pockets, berets pulled over weathered faces, the villagers stood in the street staring impassively at the temporary stage as the rockers went into wilder and ever more desperate displays of abandon. Song followed song; there was not a hand-clap, not a cheer, not a smile of amusement or derision.

It ended, mercifully, in a sudden downpour. The crowds ran for cover, the stage lights flickered and speakers crackled as water invaded the makeshift wiring. There was a last pathetic wall, a crash of static, and all was plunged into darkness and silence.

Enthusiasm ran high, though, with the advent next morning of a more solemn and traditional celebration. I woke to the sound of lugubrious music and opened the window to a cloudy sky and a brass band in threadbare blue uni-

forms winding its way through the streets. Hard on its heels came a traditional Galician band, with the same mournful drones played on the same bagpipes you can hear in Scotland. The celts were never great ones for innovation.

After circling the town a number of times, stopping on each circuit for a quick round at the harbour-side bar, the bands returned to the church. The entire village filed inside, the men in their sombre Sunday best climbing to an upper gallery, the women and children in the pews below.

Even here the miracle of modern technology failed to adapt itself to Galician life. Failing to master the hand-held remote control unit that switched on and off the mass's recorded music, the priest behind the altar found himself with an organ cantata on the rampage.

But after mass the plaster statue of Saint George, complete with horse and fiery dragon, was hoisted to the shoulders of four village stalwarts. Three times around the church they went, followed slowly by the congregation and the village's collection of stray

dogs. The wind blew, the rain fell, church bells pealed, rockets were fired into the air with great explosive bangs, and the bands played on. It was magnificent.

I did not stay for further celebrations of tribal bonding, but took advantage of a break in the weather to drive out to Cape Vilain on the far side of Camariñas for a picnic. At the end of the cape I discovered a wind farm, 25 towers supporting 35 vast propellers whirling and moaning ceaselessly in the wind. They were as impressive in their way as the ancient horrores scattered about.

Perhaps the wine I had with lunch was stronger than I imagined. Or perhaps I was coming under a Galician spell. As I lay on the rocks looking up at the towers, a curious idea came into my head.

What, I wondered, if this wind farm were some enormous celtic deception? — power at all, but by steady turning of its propellers, a device intended to pull the village imperceptibly further out into the Atlantic, away from the modern continent of Europe. It might take 1,000 years or so, but what is that to the celts?

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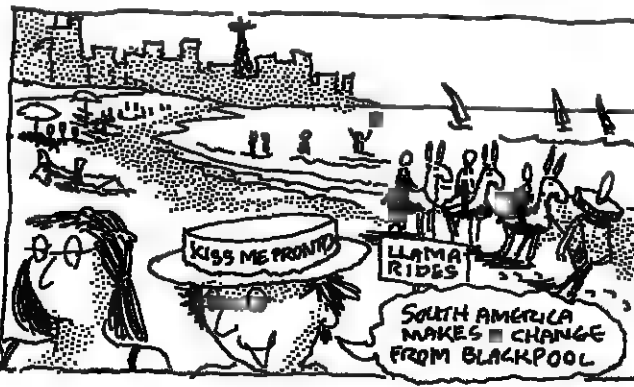
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Practical Traveller/David Pilling

A sackful of myths

South America is no longer a land of generals and jungles



For those who think of Latin America in terms of generals, jungles and mythical currency, it may be time to overhaul some myths. Things have changed. South America's rulers have long since goose-stepped back to barracks, their power usurped by squadrons of technocrats and battalions of economic reformers. Hyperinflation has largely been replaced by hypermarkets and stockmarkets. Hyper-activity. All for jungles, you should be so lucky.

Visitors to this new South America have been relatively thin on the ground. You can still find yourself virtually alone amid the Inca ruins of Machu Picchu in Peru, the solitary PARU to a Patagonian penguin colony in Chile, or the only foreigner in a Paraguayan town with no hands-on experience of a Luftwaffe bombing raid.

South America is extraordinarily varied, economically, politically and culturally. From afar it may be hard to distinguish Uruguay from Paraguay, but close up they have about as much in common as France and Albania.

If the South America of your dreams is a tempestuous land of cultural erotica and rampant inflation, the land of Argentina and Uruguay, the most temperate and European of states.

South Americans holiday in Buenos Aires because it is just like Paris but far closer to home. Uruguay has such a sophisticated European-style welfare state that everyone there is still studying or on the point of retirement. These countries will offer you art, theatre, style and a coffee-house atmosphere.

Chile and Argentina may merge into one on the map, but historically their people have been arch enemies. Chileans con-

also tend to be expensive.

Air fares between South American states (and in some cases within countries) are normally expensive. If you are keen to jet-set between countries, it is usually much cheaper to buy a package of flights before you set off. In London, Journey Latin America (tel: 061-747 3106) specialises in this. Some South American airlines are not in the best of economic health, so it might be advisable to take out insurance in case your carrier folds.

There are direct flights to some of the bigger cities (São Paulo, Rio, Buenos Aires, Caracas and Santiago) from many European capitals, with connections to smaller destinations. You can fly almost anywhere on the continent from Miami.

On safety, most Latin American cities present the same kinds of risks that one encounters with big cities almost anywhere. Buenos Aires and Santiago are relatively crime-free, while Rio and some Colombian cities have less enviable reputations. Dangers generally become more pronounced the greater the distance from the gulf between those slipping champagne and those rummaging through rubbish bins, though this is not a hard and fast rule.

Visitors concerned that they may face the anti-gringo sentiments historically associated with South America should take comfort from the fact that much has changed in this respect, too. Distrust of outsiders has been tempered by a desire among many to emulate a western lifestyle. To graffiti in Santiago "Gringo + home", someone recently said. "And take me with you."

The South American Handbook, which is up-to-date, is virtually indispensable for travellers to this part of the world. From Trade and Travel Publications.

Trips to restricted areas, such as the Galapagos islands,

مكتبة الادب

TRAVEL

Over the bed of Charlemagne

The Belgian Army built this tower, says M. Rhenan as, hand over hand, we negotiate the spiralling steel rungs. Part of their assault course, perhaps. There is quite a view from the top, nonetheless: northward the industrial sprawl of Maastricht and Aachen, southward the undulations of a countryside rich in pastures, pine woods and mineral springs.

This is Dreiländerblick, or Trois Frontières, where three nations join hands. Beneath us a farm-hand urges red cattle out of a Dutch meadow, down a German lane and into a Belgian milking parlour.

Cyclists from Aachen in Germany park their machines in Belgium and unpack their picnic in the Netherlands. The Meuse river is a Mass before our very eyes.

"And that moorland to the south?"

"The Fagnes," says Rhenan. "The fen country of Belgium." Unlike England's fens, the Fagnes extend across mountainous ground. Between Eupen and Malmédy, two little towns of European renown long before Maastricht (they once their own stamps), we stand near Belgium's highest summit, which is all of 2,000ft, at the ancient travellers' rest called Baraque Michel.

I step up to the door of the Baraque and launch a thunderous attack on the bell. It responds with a booming peal. When the Baraque

was the only building on the Fagnes, they tolled this bell to guide lost travellers to safety. "Even now they toll it," says Rhenan. "Two summers ago - you have certainly read of it - a whole class of schoolchildren went missing on the Fagnes. The Belgian army searched for them and the bell tolled continuously for two days and nights."

Today it is breezy but when the wind drops the mist will settle over the Fagnes. They are no bigger than the English fens (about 40 miles by 25). The Eupen-Malmédy road - them and the forestry department's map is a gridiron of paths which intersect here and there at a maison forestière. But the paths are confusing in that sea of peat moss and meadow grass, and the low-built maisons are poor landmarks.

"You lose direction," says Rhenan. "You walk in a circle. You grow very cold. You sink to the ground and sleep in the bed of Charlemagne." The bed of Charlemagne is an expanse of brackish moss which gives rise to some of the rivers of the Ardennes.

In an hour's walk we meet only one other walker: a German who

comes here to botanise and to listen to the thrills of the streams. "I live beside the Rhine, but I cannot hear it any more. I only hear endless whistles, drunken immigrants, police cars and quarrels among neighbours."

Turning our backs on the Meuse-Rhine triangle (like leaving industrial Lancashire behind as you

the daily anthem and plaudits of loyal citizens.

Or is this the time-up for one of those famous marches militaires, exclusive to this region, which, with solemn music and uniforms older than Belgium itself, maintain the pure, unbroken traditions of the old-time volunteer marcheurs, the villagers who protected religious

at the Lenten festivities you suspect that the children never grow up, and you do not blame them. We caught the tail-end of Malmédy's six-day carnival, with its expensive fancy dresses. On Shrove Tuesday we saw the mayor of Eupen handing the civic keys to "Prince Carnival", but didn't linger for the licensed buffoonery which followed.

pathic worldwide. Upmarket leisure pursuits have taken hold of this snug little town of scented pines, fountains and golf courses.

We had managed to avoid the of the Belgian grand prix which meant we could motor round the circuit on the Francorchamps road, threading the black rectangles of pines, racing past half-timbered farmhouses which carry the slogans of Elf, Bosch and Pirelli on their roofs, past the white flagpoles, covered stand and pits, under the Mobil-lol bridge and down the long straight where a whiff of burning rubber still lingers.

Finally to Liège, home-town of Rhenan, and I brace myself for a complicité. Long I passed through Liège at night and I remember spiritual desolation, bleak farmhouses, sleep-borne and the clanging of trucks loaded with pig iron and brown coal.

Nothing could be more removed from the present-day reality. Broad boulevards sweep under curving cliffs where the Meuse used to flow. Every other car is a Ferrari. Tall narrow chamber stairways. In the Outre-Meuse quarter, a self-proclaimed free republic to

which you are admitted with a comic passport, the alcoved madonnas are newly-coiffured and Baby Jesus has a pink face. It is carnival time here, too.

Liège is a city of elegance and sophistication. It is a dockyard port, a hub of revitalised steam trains, a showcase of domestic architecture, a fashion centre, a museum of industrial archaeology, a metropolis of marionette drama, a mother of arts and sciences and, at this season, overflowing basket flowers.

Challenged to name five famous Belgians, you need not step outside Liège. The musicians César Franck, Grieg and Ysaÿe, the sculptor Del Cour, the crime novelist Georges Simenon will do for a start. Gastronomy is rife. At the Vacher hotelier we dined on Zealand oysters, coucou de Malines, Moka cream. The Château Margaux '83 at the foot of the wine list was amusingly priced at £165, but the Graves rouge at the top was quite drinkable. After all, this was Liège. What must the Liège restaurants be like at Christmas?

Later, in the Liège cafe, the Ane Rouge cellar, the waterfront, the of Simenon's first novel. What next? For me it was bed.

Rhenan approved. "Il y sont des gamins... sont amusants, mais ils ne sont pas Liège."

Leslie Gardiner explores a quiet corner of Europe where three nations meet and examines the time-warp of the Fagnes, Belgium's mountainous fen country

climb to the Pennine Way), then descending easy gradients and picking up south-flowing streams, we saw Belgium's smiling back-of-beyond, the undiscovered country.

The zigzag streets and crooked spires of Malmédy. Stavelot does in a time-warp. On a town square enclosed by steep crows-stopped gables we meet the shakos, frogged tunics and bassoons of a Burlesque band. We almost expect to see His Serene Highness, fresh no doubt from exercising his droit de seigneur, appear on the balcony for

processions and defended sacred relics?

But this is Liège and the do not usually begin until Easter Monday. Meantime, the carnivales reach their climax. Happy the child of south-eastern Belgium. He up in a world of make-believe. Early spring for him is the season of clowns, giants, fire-eaters, sword-swallowers, cardboard forts and papier-mâché armour, stilt-walkers and fairytale characters. From the way the adults behave

And at Stavelot we mingled with the blancs moussis (dialect: "in white") as they performed with pigs' bladders and fired salvoes of confetti from antique cannon. The blancs moussis commemorate the monks of Stavelot Abbey, who used to escape and flee through the carnival in white and false noses.

Dig a hole anywhere on the skirts of the Fagnes and mineral water gushes out. Most carnival townships are watering. Queen of the spas is Spa itself, which bestowed its name on hydro-

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OUTDOORS

Gardening

This marigold madness

Bank holiday Britain is blooming. The roundabouts are a riot of marigolds and herbage cities are screened behind hanging baskets as cascades of harsh carnation petunias compete in mid-air with the country's best Georgian architecture.

But why do we not rebel and demand that this municipal madness stop? Such profanity bears no relation to the thoughtful art to which knowledgeable gardeners aspire. It is a style that belongs with the toytown mentality.

Townpeople are apparently supposed to take pride in all this - but most of them are too bewildered to have a view. They are used to it by now and think that it must be approved. Basket "gardeners" has spilt on to the streets in a style which belongs with that ultimate British phoney, the British pub.

The Britain In Bloom Board goes solemnly round our townships, giving prizes to those which have done more than average else. The prizes are then passed on to signposts in order to legitimise the local council tax. Marigolds, great gardeners have written,

planned and laboured to prove that there is so much more to the art than lines of fibrous rooted begonias.

More than a century ago, William Robinson asked the right question: if this is the result which gardeners want, why not paint the ground instead? Yet, I have watched while historic Oxford has been dug up near its centre and re-laid in hammocks. We need to

worse. I have just penetrated the breeding grounds, the base camps from which the whole salers push pre-germinated seedlings at council departments: they might as well be selling pots of vibrant paint.

For centuries, the dianthus was a sweet-scented pink, fringed or laced with elegant colours. In time for the millennium, the breeders have made it go mad: they have levelled

the mania for peaches and cream. What counts is impact, accent, dazzle, bred like the fruit in a supermarket to be level, monotonous and "tiny-garden size".

I am not being negative, let alone elitist. There have been good alternatives, beautifully advanced by amateurs during the years in which the municipalities have gone mad at our expense. In the 1980s, the Royal Parks, under Ashley Stephenson, delighted the Chelsea Show with soft colours and half-hardy plantings for bedding.

The new style of planting pots has been the star turn of private gardeners and its artistry could so easily be put in place of local authorities' unselected visual rape.

How can we stop it? I see little point in appealing to Europe because French, Italian and German bedding are even worse. I cannot send for the Americans because it is their breeders who have produced most of the monstrous, confounding to their national taste for big and bright.

I therefore propose a project to kill off the salvia, shrivel the marigolds and return peace and quiet to our over-heated cities.

Robin Lane Fox is annoyed by riotous roundabouts and municipal hummocks

pay for these hummocks because begonias can be displayed better at a tilt to the ground: they stare at us full-frontally, elevated on the local rates.

The maintenance of bedding plants requires three to four times as much labour as perennials. I want a council to kill my rats, empty my rubbish and pass on the cheques to the people who teach our children. I do not want them to plaster the roads with marigolds when the rest of us are trying to raise our sights beyond them.

If you are annoyed already, be warned that it will soon be

its height, enlarged its flowers, and selected the colours which glow. In 1981 and 1982, they won Fleuro Select Medals for their awful offspring. Next year, Dianthus Strawberry Parfait and Raspberry Parfait will be blinking like cat's eyes on every road junction.

Petunias have been driven insane too: the breeders call them Petunia Frenzy Blue Veins and they are now making Busy Lines Hyperactive - but flowers are the size of the old half crown. Snapdragons have shrunk to the dwarf Chimes module and gentle old families have been invaded by

economy - up to 40 per cent better in the urban cycle than petrol engines of the same power. Their exhausts are much cleaner under cold operating conditions and they do not give off evaporative emissions of hydrocarbons.

Over the next few years, replacing old and environmentally unfriendly buses and lorries with modern, low-emission vehicles will benefit urban air quality markedly.

Even though relatively little effort has gone into curbing diesel emissions so far, much has been achieved. Further large reductions can be expected as technical improvements go into production.

All future diesels have a potential for very low smoke emissions.

Martin Love of Ricardo has a few copies of the paper for seriously interested bodies. Call him on 0181 607 1111.

diesel (as many now are) was more than twice as clean overall as a catalyst-equipped petrol engine.

Ricardo says air toxins emitted by petrol-engined cars tend to be dominated by benzene - a known human carcinogen - whereas diesel engines produce hardly any. Besides which, a lot also gets into the atmosphere every time a petrol car is refuelled - but not when a diesel is tanked up.

In essence, Ricardo's conclusions are that:

Diesels offer excellent fuel

Motoring

No need to fear 'deadly diesels'

Stuart Marshall looks at research that counters recent scare stories over emissions

There have been a lot of scare stories lately about diesel exhaust emissions. You must have seen the headlines: "Deadly diesel: new evidence of killer in the air" and "Diesel kills, experts claim".

The one common denominator of these stories is that they are heavy on emotion but remarkably light on facts. Some quote the results of studies in a way that is where, incidentally, there are few diesel cars - and extrapolate them to Britain.

The studies suggest that people die from heart disease on days when atmospheric pollution is high. They probably do. If you are old and ill, breathing in more than the normal amount of urban filth is likely to hasten the inevitable end.

Some of this summer's pollution studies make you

think that diesel vehicles were the only source of all this pollution. And I am the first to admit that clapped-out lorries, aged buses and ill-used delivery vans spew out disgraceful amounts of black diesel smoke.

Their owners seemingly are untroubled by the police, who appear strangely reluctant to proceed against them.

Of course, diesel cars make their own very modest contribution. Any kind of internal combustion engine puts a certain amount of muck into the air. But it is modest, for two

reasons. One is that diesel cars are still outnumbered heavily by petrol-engined cars. The second is that a modern diesel car's engine can be inherently cleaner than a petrol engine.

With a catalytic converter, a diesel can be cleaner than a petrol engine. Who says no, not me - despite being an admitted enthusiast for cars as well as my own personal transport for more than 15 years - but Ricardo Consulting Engineers of Shore-

ham, West Sussex, a world renowned automotive engineering think-tank and development laboratory.

Ricardo has just published *Automotive Engines and the Future*, an independent and unbiased technical view on their emissions. Modestly, Ricardo says it hopes the paper will provide a useful contribution to the debate on the likely impact of diesel-powered vehicles on air quality.

I am sure it will. But what it really does is demolish some of the tabloid fantasies with a

barrel of hard facts.

The paper states that although exhaust catalysts (that is, exhaust catalysts) started on petrol-engined cars in California in 1966, diesel car emissions began to receive serious attention only in the 1980s.

Even so, a study by Ricardo for Mercedes-Benz revealed that a car diesel engine without the simplest kind of catalyst produced fewer "air toxins" (exhaust emissions) than a petrol engine with an exhaust catalyst. And that a diesel engine

was more than twice as clean overall as a catalyst-equipped petrol engine.

Ricardo says air toxins emitted by petrol-engined cars tend to be dominated by benzene - a known human carcinogen - whereas diesel engines produce hardly any. Besides which, a lot also gets into the atmosphere every time a petrol car is refuelled - but not when a diesel is tanked up.

In essence, Ricardo's conclusions are that:

Diesels offer excellent fuel

I flew around the hairpin at 130mph

Peter Whitehead swapped his commuter bike for a racer and tested his skill and courage on the track

Many cyclists live in a strange world of exaggeration. They travel at exotic speeds - always above 100mph - they can never be beaten away from traffic lights, and they never bump or crash, just heroic acts of derring-do.

I know this because I am a motor cyclist. And like other motor cyclists, I have felt the rush of adrenaline that accompanies riding at speed and I have heard the call of the race track. I can also hear myself exaggerating: "Put me on a superbike and I could make the lap in a grand prix."

But now I am now so much more than a commuter. I have been caught out - sent to school and found wanting. On one of Britain's racing circuits I discovered that blasting around a track pushes you to the limit: it is a test of courage and confidence in your own skill and in the capabilities of the machine beneath you.

As a birthday treat, I was packed off to Mallory Park in Leicestershire to join a class at the Drayton Croft Racing School. There it was that my bluff was called.

I was fast but not quite fast enough. Exact speed is a mystery as the school's bikes have no speedometers but, without exaggeration, it must have been 100mph on the straights.

I had begun to tremble even during the pre-school pep talk - "If you see oil on the track, avoid it... If you 'high-side' it will hurt..."

By the mid-session debriefing I was speechless. When asked a simple question - "How is it going?" - I felt strangled, my reply spluttering into nothing like a clapped-out engine refusing to start.

Here I was, a commuter grappling with a highly-tuned 130mph-plus Honda VFR400R racing bike, and all I had learnt about riding and roadcraft now seemed wrong. I was looking ahead, seeing the coming bend and slowing as if on my way to work, rather than maximising my speed on every inch of track.

I was weighed down by years of road experience on two and four wheels, and knocked off balance by the sudden need for naked aggression.

Overcoming this background was clearly going to require more than the hour or so we had been allotted on the circuit. But my fellow students seemed to have grasped the idea rather more quickly as they flashed past in their turquoise and mauve leathers, hired for the occasion.

There were 16 of us on the track for that hour-and-a-bit, divided into four groups of four, each with an instructor to guide us round the 1.4-mile circuit.

Steve Bevington, the tutor allocated to my turquoise quartet, briefed us briefly and finished with: "...so follow me."

This was easier said than done. Out of the pits, round Gerard's curve, along Stebbes Straight, and I was keeping up nicely with Bevington and the rest of the class. But a gap began to open up through the Lake Essex. "Hang on!" I gasped as the screeching Honda engine below me begged to be shifted a gear or two higher.

I closed up a little on the approach to the hairpin, fell back through the chicanes, missed a gear as I was changing up on the adversity of the Devil's Elbow leading to the Kirby Straight, and that was it.

The thimbleful of rain I had begun with was spilled

on the track and only a little did I catch sight of my class-mates from this point on.

We did meet up again in the pits for that mid-session "discussion". Bevington wanted to know how we were. I sensibly arranged to mine separately.

I had already witnessed the astonishing speed and nonchalance of the other instructors flashing past, one hand on the throttle, the other on the hip, as they glanced over their shoulders. This time the glance was at me, and to my amazement Bevington raised his thumb.

Back in the changing room, the 15 survivors - one had hurtled into a fence and been bundled into ambulance with seemingly minor injuries - were handed their "Rider Analysis Sheets".

Bevington's marking awarded me nine out of 10 for position on the track, application of instruction, and improvement. And he definitely hit the spot with his low marks for confidence and potential. "Good improvement. Well done," he wrote at the bottom.

With those words glowing inside me, I set off home - at 150mph, of course.



Go slow: weighed down by years of road experience, Peter Whitehead tiptoes round Mallory Park

John Harris

Fishing/Tom Fort

You can take a boy to water...

wearing a kilt, and nor is he a prince, and our intended quarry was not Scottish trout, but whatever we might find lurking in a miniature weir-pool on a side stream of the Kennet in Berkshire. Nor were we fly fishing. Instead, I carried a tin of sweetcorn, with hook and float at the business end of the line.

I told him we would certainly catch fish. He - with the bolshie scepticism customary in adolescent sons, and mindful of previous disappointments - was disbelieving. I impaled a grain of corn, dropped it in the pool, and the float shot under. Soon a dace

was in the keepnet, to be followed by perch, chub, roach and bream. Within an hour he was proclaiming himself an expert. And after an hour and half, even though we continued to catch fish as fast as I could rebait the hook and he could cast it, he announced that he was satisfied, and asked if we could go and watch football on television.

The truth is that, in his heart, he is not a fisherman. This matters not a jot to him or me. But that afternoon, spent whisking out a netful of little fish, and the glimpse of the Royal fishing lesson, set me thinking about how the

love for a sport is born and how, in my own case, the fire was lit.

My father was no angler. But by the time I was eight or nine I had become aware that two of my elder brothers were thoroughly infected with this strange passion for angling.

They had been given elementary instruction by my grand-

mother afloat on Windermere. They had learnt the nasty but necessary technique of sticking a hook through a worm, and how to subdue the perch which grabbed it. This knowledge they took to the banks of our local river, and there developed it. And eventually I

was allowed to go too. We were fortunate in our river, the Loddon, which flows into the Thames at Wargrave, Berkshire. We had friends who lived in a large house beside it, and we were given the run of the two or three miles of river which went with it. It is many years since I fished there, and I would not care to do so now, for there is too much of a tangle of memories attached to it.

Thirty years and more ago, it ran clear and was rich in weed and fish. Chub thronged the quicker water, with barbel as well, while the quieter holes held perch and roach.

I was passionate about fishing at once, and it is a sign of the depth of that passion that it endured, for it was two years before I caught a fish at all. This great event took place, not on the Loddon, but at the mill on the Thames at Sonning. The great grinding wheels are now silent, and the place is a pretty theatre. But then the water in the millpool roared and surged, and shoals of chub and barbel gathered there to feed on the tasty waste from the milling.

It was a tricky place to fish. You had to stand on the road bridge, and cast up with a heavy weight towards the

mill. The bottom was strewn with snags, and many a week's pocket money was swallowed up on the hooks and leads we left there. The best time was early morning, and we would bicycle over with the aluminium worm bucket clanking against the handlebars.

It was not much of a fish, the chub I caught near the willow tree on the right side of the millpool. But it was big enough to require one of my



brothers to scramble down on to one of the bridge supports to net it. And I felt that I had joined the big boys. Being made a bishop or taking one's seat in the House of Commons might be an adult equivalent.

Not long after, I caught a much bigger chub on the Loddon. It came up and seized a piece of floating breadcrumb, dived into several weedbeds, and reduced me to an utter lather before giving itself up. By then the fire was well and truly lit, and - though it has flickered occasionally in the intervening years - it still burns warmly enough today.

The moral of my tale, if you can call it that, is as follows: You can teach your child, or anyone else's, to fish; but not to want to fish. You can provide opportunity, cash, advice, encouragement. But the spark, the magic of the passion, is a gift, from somewhere.

There was a scene in Jonathan Dimbleby's recent television programme about Prince Charles in which the young prince was receiving instruction from the old prince in the art of fly fishing.

The lad stood in a Scottish loch, waving his rod back and forth, his gaze apparently fixed - not on the water but on his dad, perched in his kilt on two boulders.

It so happened that a few days before, I had taken my elder son fishing. I was not

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SPORT

Soccer

The man who fell to earth

Peter Berlin watches Klinsmania break out in north London

The fan gave a little skip as he passed under the gate to the ground. He clasped his little blue season ticket book so tightly that his knuckles were white. "Calm down, Andy!" said his friend without much conviction. "It's only a game of football."

But it was not any game of football. It was the second turn on the Premier League's emotional roller coaster, Oswald Ardiles' wild ride.

In particular they had come to see Jürgen Klinsmann, the German international striker, who has joined Tottenham Hotspur and who was playing that night against Everton.

The frenzy surrounding Tottenham Hotspur reaches a surreal level this afternoon when they entertain Manchester United, champions for the last two years, double winners last season. Yet all eyes will be on Spurs, a team which barely escaped relegation last season and which started this one with a six-point penalty.

Spurs began to capture the headlines when they signed the Romanian World Cup striker, in late July, igniting a small fire of excitement among fans. The rocket took off when they signed Klinsmann. "It exploded to delighted gasps of surprise last Saturday when Ardiles solved the selection problem presented by his two new signings by picking five attackers."

Many teams in England play two strikers, some pick just one. Fans who have teams in newspaper fantasy leagues would not be allowed to pick the team Ardiles has selected. This is fantasyland.

The white knight is Klinsmann, the smiling, friendly, blond, swashbuckler. He has already scored three goals in two games, helped wipe out the six-point penalty and has taken delightfully about winning the championship. It is as if he has stepped through Alice's mirror. A month ago he rivalled Diego Maradona as the footballer most loathed by English fans.

The basic problem, for these fans, is that Klinsmann is a German. This is not simply a

question of who won the world war, although the tabloids who greeted his two goals against Everton with "Hitler's Revenge" and "Master Brace" seem determined to ignore Basil Fawcett's advice on this subject. It is more a question of who won the World Cup. Since losing to England in 1966, Germany have won twice. In the last seven world cups, England have reached the final stages only four times, and on three of those occasions West Germany knocked them out.

This is also the reason why even non-Spurs fans are queuing to watch him. A German star has been chosen to play in England. Fans may hate to admit it, but his presence suggests that foreigners respect the English league, it even gives a little weight to the increasingly hollow boast that the Premier League is the best (or at least toughest) in the world.

But Klinsmann is guilty of a greater crime. English fans still demand fair play - at least from sportsmen of other nations - and they regard Klinsmann as a cheat.

Eric Cantona, United's French striker, will miss today's game because he is suspended again. Cantona has an unpleasant habit of kicking, raking or stamping on opponents. Cantona is an "artist" and therefore, the cant goes, this is part of his nature.

Klinsmann, an athlete, is not violent but, in the eyes of fans, he is sneaky. English fans criticise his habit of tumbling when tackled in the penalty area. He is known as the Stuka, because he dives. The fans may claim not to like him, but they pay to see him and they cheer when he mocks them by diving across the pitch after scoring a goal.

Since Spurs signed him they have sold 250,000 of season tickets. Spurs' share of the £47.24 on Thursday, after his goals against Everton, Spurs' shares jumped 10p.

Klinsmann's powerful header at Sheffield on Saturday helped Spurs to win 4-3. His two in the first half on Wednesday, a close range header and a sat-



tyling spectacular scissors kick, gave Spurs a 2-1 victory. But he cannot win games alone and a lot will depend on how well the other members of the team play.

So far the attack is working nicely but the undermanned defence is creaking. Ardiles' biggest gamble was dropping Gary Mabbutt, club captain and England international, and picking two centre halves - Sol Campbell, 19, and Stuart Pearce, 21, - with barely 20 Premier League games at that position between them.

Today's match will provide a test of their nerve. After Wednesday's game Ardiles said: "We are cavalier, yes that is the right word."

After Ardiles, Mike Walker, the Everton manager, started to answer questions. Suddenly

the crowd in front of him turned and walked away. Klinsmann had come in.

Two years ago, after the launch of the media-friendly Premier League, clubs began to bring players to meet the press after matches. The first time Spurs tried this, the choice was an experienced player who had scored the match-winning goal. "I just stuck my foot out and it went in," and "I felt tremendous" was all he could manage. The experiment was dropped.

On Wednesday, Klinsmann stood in the same spot. He held forth articulately, intelligently, charmingly until he was dragged away by Ardiles to some other appointment.

In a way this Spurs team is a caricature of English soccer: stacked with strikers, devoid of midfielders and with a very

mixed bag of defenders.

Furthermore, there seems to be something in the air. There have been other big scores in the first two rounds of league games. Liverpool scored six goals in one match, Newcastle have scored seven, Sheffield Wednesday have let in seven and scored five. Even Arsenal, whose recent success has been built on defence, started the season with four strikers.

This may have something to do with the tougher rules on tackling.

On Wednesday, Everton did not commit a foul - a penalty for hand-ball apart - in the first half. If defenders keep refusing to tackle, it may be a while before Klinsmann has a chance to dive in earnest. Maybe he will spurn it with a smile.

demily refocused with the help of coach Nick Bollettieri, Boris comes to New York with two recent tournament successes in Los Angeles and New Haven. He also arrives with his wife Barbara and baby son Noah. It is wonderful what fatherhood can do for you.

The only two direct British entries, Jeremy Bates and Mark Petchey, have both been drawn against opponents whom they are capable of beating. Bates, at 72, is ranked 39 places above Venezuela's Maurice Ruah who is at his best on clay. Petchey, ranked 84, is 11 places higher than Karol Kucera, a 20-year-old Slovak, another who grew up on clay. However, after the trauma of the losing Davis Cup tie against Romania in Manchester I have ceased making predictions about British players.

I am prepared to predict that Steffi Graf will not lose in the first round here like she did at Wimbledon. In fact, in spite of her recent loss to the No 2 seed, Arantxa Sanchez-Vicario, in Montreal, I can see no reason why Graf and Sampras will not claim the equal first prizes of \$550,000. Yes, for the best of players it should once again be the best of times.

Perhaps the best outsider, if one can so describe a former champion, is Boris Becker. Suddenly rejuvenated, sud-

Tennis

The hardest test

players are affected that this year's championships are in danger of resembling an episode of *Casualty*. The walking wounded include defending women's champion Steffi Graf (back) and two of the men's seeds - No 3 Goran Ivanisevic (hip) and No 9 Todd Martin (groin) - as well as the Swiss No 1 and Olympic champion, Marc Rosset (shoulder). In addition, trainers Bill Norris and Todd Snyder report dozens of minor ailments among the lesser names.

The unyielding hard courts at the National Tennis Center in Flushing Meadows always attract competitors to a searching test of fitness and stamina in the often oppressive, sultry heat. Coming at the end of a six-week build-up circuit on similar surfaces, more and more players enter carrying some niggling injury so that upsets abound. This year will be no exception. But who will be the victims?

Thursday's draw was kind to

world No 1 Sampras. Already the winner in Australia and at Wimbledon, he is attempting to emulate Jimmy Connors (1974) and Mats Wilander (1988), the last men to win three Grand Slam titles in the same year. Even though short of match

play, Sampras should limp past Korda and either Medvedev or Berastegui to reach the quarter-finals where either Stich or one of the two former champions, Courier and Edberg, should be in wait.

Stich has had a miserable year. He lost in the first rounds in Australia and at Wimbledon. In Paris he went out in the second round, Courier is in a slump. After reaching the

semi-finals in Australia and Paris he lost in the second round at Wimbledon and, as mentioned, has lost the seat upon which his whole game depends. Edberg is another fading star. No longer can we expect to see him produce the sort of electrifying performance that won him the title in 1991. That day he played the best tennis of his life to destroy Courier.

The popular favourite will be Andre Agassi. Down to No 20 in the rankings, this flamboyant showman is unseeded and is due to play either Guy Forget or former champion Mats Wilander who clash in the best of the first round matches. Ahead in this section is Wayne Ferreira and Michael Chang, an American who in 1994 has seen the best of times and has a seeding (No 6) to prove it.

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John Barrett explains why the US Open takes such a toll

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By doing this I was pro-

Moors, 555 sq miles of outstandingly beautiful countryside, from gentle farmland to sweeping heather moors domed by massive skies - world-class scenery. The area is one of Britain's 10 national parks - so immediately uplifting that I felt embarrassed at having spent my life gallivanting to far-flung places without once having visited it.

But my embarrassment was salutary. It reminded me that the nation of England does not glow at all if you study its interior: that the naughtiness of England fades away entirely if you avoid its cities, towns and coast and strike into its countryside.

Cricket

Rude awakening

Nostalgia is dangerous. Under its spell one looks back on past outrages and sees them as endearing amusements. Rude captains, for instance. Not rude as the match referee thought Mike Atherton was rude at the Oval, looking at his bat "with an air of dissent" on the walk back from crease to pavilion after his first innings dismissal. But rude in the grand manner, as Archie MacLaren used to be rude to the lesser mortals around him.

During the 1992 series against Australia, having argued vigorously with his fellow selectors about who should play, MacLaren is said to have marched into the English dressing-room, looked round at the assembled players and cried out in disgust: "My God! Look what they've given me this time!" MacLaren's sins, like his many failures as captain of England, were forgiven him because, as his obituary in the 1994 Wisden put it, "he possessed the grand manner" and people loved his flamboyance, however rude.

Atherton is paying the price for having taken over the English captaincy cautiously, in a depressed period of English cricket, with confidence gone, press predatory and management uncertain. Last Saturday at the Oval, I watched Devon Malcolm bowling, which removed opener Peter Kirsten and No 3 Hansie Cronje, leaving the South African score 1 for 3. You could feel the excitement grip the giddy, friendly old Oval, but everyone expected the South Africans to fight back and seize the initiative before long. They did not have a chance, but the sad truth is that England and English supporters have got into the habit of expecting to lose.

I remember asking Glamorgan last year how Viv Richards had managed to work such

wonders for them in his first year there. I think it was their captain, Hugh Morris, who said: "You can't imagine what a difference it makes, going out to play alongside someone who expects to win."

English Test matches have gone the other way. They are played in a climate of pessimism which is hard to shake off and is a constant resource of the sceptical press. If the pessimism falters, the next best resource is complaint about one of the old favourites: opponents, umpires, groundsman or, best of all, captains.

South Africa have been welcome opponents this summer, full of enthusiasm and old-fashioned sporting spirit. Not suitable targets for complaint.

Thus far the umpires could only be praised for their excellent handling of the Oval Test, even when umpire Kenny Palmer's view of Atherton's "dissent" as "within the limits of acceptable behaviour" was over-ruled by match referee Peter Bourke. Palmer is an old hand, from the days when umpires, not referees, controlled cricket and he continued his capable partnership with Steve Dunne unimpaired.

Groundsman Harry Brind's pitch was an Oval breath of life into a medium pace series - dry, fast and lively. Test Match Special's Bill Frindall was so impressed with it that he proposed Brind, not Malcolm, as man-of-the-match.

Atherton was the obvious target for attack. Under his captaincy this summer England had defeated New Zealand and now had a chance of drawing the series with South Africa, but when Kepler Wessels started digging himself in, lifting the score from 1 for 3 to 78 for 4, English journalists drifted back to the ever useful subject of doubtful field set-

tings. Surely Atherton should have more than two slips? It was the South African journalists who sent pieces home praising Atherton's shrewd handling of his bowlers, particularly Malcolm, whom he was clever enough to bowl only in short bursts.

Even if Atherton was right to use Malcolm in short bursts, the timing of the bursts was crucial. Indeed it was and on Saturday it was perfect. Malcolm's first three wickets came in his first two overs, the next three after lunch, the last three after tea, when the crowd roared Malcolm in to the crease to blast South Africa from 175 for 5 to 175 all out.

The South Africans were more upset by Atherton's and Graham Gooch's unbridled pursuit of the 304 required to win than they were by their batsmen falling victim to these spells of glorious bowling.

The last hour's play was more humiliating. It carried on England's batting in the cavalier manner defiantly adopted by Phillip de Freitas and Darren Gough the night before. It deprived all South Africa's bowlers of respect and made their main strike bowler, Allan Donald, look pathetic. Gooch, man of caution and experience, hit 33 off 20 balls with the air of one who is bored with the slow pace of Sunday cricket.

"What am I going to say to them back home?" asked the young South African journalist next to me, straightening his blazer and tie. "I've got Atherton and Gooch cast as anchor men, not meteorites."

After three overs they had scored 38 runs. Though the run rate dropped to eight an over when Gooch was out, Graeme Hick played his shots with a ramping power that I have not seen him use in Test matches.

Whatever the public's feelings about Atherton before the Oval Test, by the end of it the main feeling was gratitude, not just for winning a match and saving a series, but for releasing in the process an element of flamboyance, of which everyone had long been starved. Priceless stuff, flamboyance.

I would pipe down. I would stop worrying about the deficit on England's tourism account and conclude that the present figure was not particularly bad, all things considered.

I would accept that nothing can be done about English weather and acknowledge that the government does not care a damn about VAT rates.

I would mourn that England possessed no coastal resort remotely in the class of Deauville, Rimini or Surfers' Paradise, and then shut up about it - confident that England's seaside resorts, led by hell-holes such as Great Yarmouth, will cling stubbornly to their grotti-ness until the end of time.

Finally, I would stop parrot-

Instead, I would spread the word about England's national parks and the rest of its splendid countryside, a task that could be accomplished for a fraction of the budget presently at my disposal. Ring Miss Bliss today. Ask her for a map to guide you on your travels. If she says she does not have one, tell her she should be fired.

THE NEXT DESERT ORCHID? You chance to own a Stunning Grey Steeplechaser, a Winner of his only race. Call 0488 648687, Fax 0235 760754 or Write to The Penn House, Pennine Farm, Elm Canyon, Newbury RG16 7HU. Act now for details, including a free video of the classy young horse and a free guide to owning racehorses. Visits to racing stables also arranged.



Laughing heart: Devon Malcolm jumps to catch Gary Kirsten. Africa, off his own bowling. Photo: Rex

English holidays from hell

Continued from page 1

government had decided to reduce the 15 per cent VAT levied on five-star hotels to 6 per cent from January 1. However, many five-star Spanish hotels had contrived to reduce their VAT bills anyway, simply by down-grading themselves to four-star, where the charge is already 6 per cent.

Unfortunately for English hoteliers, there is no sign of a slackening in the appetite for foreign travel. Visa, for example, recently produced a survey of the more exotic destinations favoured this year by holidaying Britons. They included Ecuador, Gabon, Jordan, Papua New Guinea and Zimbabwe.

For the British, a two-week package holiday in Vietnam,

including flights and accommodation, costs about £1,550. A seven-night Crusaders and Chateaux sightseeing tour of Jordan with Abercrombie & Kent, an upmarket travel operator, starts from about £500, including flights and some meals. In any case, British tourism is a millipend compared to the giant-size business of global tourism, in which market trends of enormous proportions take shape at oceanic depths before swelling to the surface.

The Mediterranean, instance, is the world's premier tourist area, yet even the Med has lost market share steadily (partly because of price), from

31 per cent of world tourist arrivals in 1987 to 27 per cent three years ago. However, a report last year by the Economist Intelligence Unit predicted that the Med would reverse recent trends and lure more than a third of national tourist arrivals by 2000.

Can Britain cope with souped-up competition from established and emerging rivals, or is its tourism doomed to slide further into the morass, in company with British industry, science and space-making?

Probably, it will cope. The

revelation that I could enjoy a holiday in England impressed

himself upon me the moment I left the coast. I did this at Whitley. I had already bypassed Stanborough, of which people talk highly. It is the Yorkshire coast, I was damned by its size, and carried on to Whitley, a dramatically-sited north Yorkshire fishing port with a ruined abbey peering down on it. But by the time I reached Whitley - I could not park the car there, I could not even stop - I was so sick of resorts that I swept straight on, and wrenched the car westwards.

By doing this I was pro-

Some of England's national parks are pretty heavily visited, particularly the Lake District and the Peak District, each of which scores 30m visit-today per year. But at the other end of the scale are the national park of Northumberland, the Norfolk Broads (a national park in all but name), Exmoor and the Yorkshire Dales. The other four British national parks are the Brecon Beacons, Dartmoor, the Pembrokeshire coast and Snowdonia - in total, more than 5,400 sq miles of protected and outstanding countryside, as fine as any in Europe.

If I were Adele Bliss of the English Tourist Board, I think

Josephine

■ Independent Schools 1994 'A' Level Results

Rank	School	Town	5-yr avg	FT score	Ratio pupil	UCAS entry	UCAS pupil
Somerset (cont)							
259	Milfield School	Street	166	1.01	2.7	6.3	11.1
214	St Andrew's College	Taunton	193	1.05	3.1	6.9	11.2
171	Taunton Grammar School	Taunton	181	1.03	2.9	6.7	10.7
170	Wellington School	Wellington	267	1.10	3.0	6.7	20.7
216	Wells Cathedral School	Wells	189	1.05	2.9	6.7	19.1
County averages			182	1.02	2.8	6.0	18.1
South Wales							
292	Cardiff College	Brecon	160	0.96	2.4	6.1	11.9
147	Haverhebbers' Monmouth Girls	Monmouth	101	1.12	3.1	6.6	11.1
155	Hoswell's School Llandaff	Cardiff	169	1.12	3.0	6.6	21.1
345	Llanvorydd College	Dyfed	420	1.00	2.7	5.5	18.4
356	Monkton House/Ding's College	Monmouth	160	0.99	2.5	6.2	13.7

257	St. Michael's School	Newport	254	1.01	2.0	18.0
124	Rougemont School	Newport	254	1.01	2.0	18.0
Average	St. Michael's School	Llanelli	282	1.15	2.0	17.7
				1.04	2.0	18.2
South Wales						
224	St. David's School	Sheffield	281	1.04	2.0	18.4
207	St. David's High School	Sheffield	281	1.04	2.0	18.4
County Average				1.04	2.0	18.4
Staffordshire						
438	Abchurch Lodge School	Uttoxeter	280	0.77	2.0	18.0
368	Denstone College	Uttoxeter	365	0.77	2.0	18.0
368	Newcastle-under-Lyme School	170	1.00	2.0	6.0	16.2
314	St. Mary's School	Newcastle-under-Lyme	281	0.77	2.0	18.0
201	St. Mary's Priory School	Stafford	281	1.07	2.0	18.0
340	St. Martin's School	Stafford	281	0.77	2.0	18.0
388	St. Mary's College	Stafford on Trent	281	0.77	2.0	18.0
328	St. Mary's Grammar School	Stafford	281	0.77	2.0	17.4
County Average				0.88	2.0	18.0
Stafford						
284	Calke School	Bury St Edmunds	281	1.00	2.7	18.0
284	Framingham College	Nr. Woodbridge	361	0.77	2.0	18.0
191	Ipworth High School	Ipworth	112	1.08	2.0	20.2
148	Ipworth School	Ipworth	98	1.12	2.0	18.0
448	Royal Monks School	Ipworth	428	0.75	2.0	18.0
284	St. Felix School	Southwold	281	0.77	2.0	18.0
628	St. Joseph's College	Ipworth	368	0.84	2.0	16.2
281	Woodbridge School	Woodbridge	281	1.01	2.0	18.0
County Average				0.80	2.0	17.7
Surrey						
480	Box Hill School	Dorking	484	0.82	1.8	11.1
85	Caterham School	Caterham	80	1.20	0.0	7.0
45	Charterhouse	Godalming	38	1.27	0.1	7.7
228	City of London Freemen's Sch	Gosdial Park	178	1.12	0.0	8.0
111	Clonsilla Park Court School	Haslemere	111	1.12	0.0	8.0
110	Cranleigh School	Cranleigh	111	1.16	0.0	22.0
268	Dunrobin School	Reigate	111	0.1	0.0	6.2
483	Elmhurst Ballet School	Cambridge	111	0.75	1.5	0.0
35	Epsom College	Epsom	54	1.00	0.1	7.7
482	Ernest Bevin School	Swill	410	0.88	2.4	4.3
317	Farnham High School	Farnham	314	0.88	2.8	12.7
369	Grange School, The	Hindhead	N/A	0.0	0.0	5.7
17	Godalming High School for Girls	Godalming	41	1.37	0.1	18.0
368	King Edward's School	Reigate	364	0.84	0.2	8.0
254	Moira Dame School	Reigate	1.01	2.7	0.4	18.4
477	Northwood School	Ashted	281	0.85	2.1	18.0
378	Priar's School	Godalming	451	0.85	1.1	5.2
427	Royal Field School	Cobham	480	0.79	2.5	4.3
258	Reigate Grammar School	Reigate	182	1.01	0.0	8.2
11	Royal Grammar School	Godalming	20	1.00	3.2	27.1
292	Royal High School for Girls	Haslemere	380	0.87	2.5	17.1
78	St. William Perkins's School	Chertsey	65	1.00	0.0	22.4
487	St. David's School/Hatfield	Ashted	281	0.85	2.4	4.3
158	St. Catherine's School	Godalming	111	1.12	0.0	18.0
341	St. George's/St. Mary's	Weybridge	291	0.80	2.8	12.6
210	St. John's School	Leatherhead	273	1.05	2.9	18.7
342	St. Mary's/St. George's	Weybridge	281	0.85	2.8	5.6
480	St. Michael's School	Ordeal	488	0.88	2.2	3.4
222	St. Martin's School	Dorking	281	1.04	3.2	8.2
82	Thames School	Godalming	84	1.19	0.1	7.3
82	Woldingham School	Woldingham	184	1.28	0.1	7.8

County Average									
Year	Time and Place	Score	Time	Place	Score	Time	Place	Score	Time
88	Newcastle High School	11	1.19	0.1	0.0	0.0			
337	Queen Anne's School	117	0.00	2.7	0.0	10.7			
303	King's School, The	120	0.00	0.0	0.0	0.0			
312	Launceston Cornhill High	410	0.00	0.0	0.0	17.3			
348	Newcastle U Tyne Church High	117	0.00	0.0	0.0	0.0			
61	Royal Grammar School	60	0.00	0.0	7.4	0.0			
330	Sunderland High School	117	0.90	0.1	0.0	0.0			
297	Westfield School	107	0.00	0.0	6.1	17.3			
County Average			0.90	0.0	0.1	10.0			
Warrickshire									
142	King's High for Girls	87	1.19	0.0	7.0	0.0			
348	King's School	117	0.00	0.0	0.0	0.0			
309	Leamington College	100	0.00	0.0	5.9	14.7			
65	Rugby School	68	1.00	0.0	7.0	0.0			
65	Warwick School	177	1.00	0.0	7.1	0.0			
County Average			0.00	2.9	0.0	10.0			
West Midlands									
57	Coventry School	81	0.00	0.0	7.0	0.0			
170	Edgbaston C of E College	100	0.00	2.7	5.3	15.7			
219	Edgbaston High for Girls	214	0.00	0.0	0.0	18.4			
450	Leamington College	100	0.74	2.4	4.7	10.0			

230	Holy Cross School	Birmingham	428	0.91	2.0	0.0	17.1
9	King Edward VI High for Boys	Birmingham	11	1.41	2.1	0.0	28.7
125	King Edward's School	Birmingham	1	1.38	2.0	0.0	28.7
268	King Henry VIII	Coventry	82	1.00	2.0	0.0	19.0
311	King's Wolverhampton School	Wolverhampton	404	0.54	2.0	0.0	8.8
104	Leeds Girls' High School	Leeds	119	1.18	2.0	7.2	22.0
428	St. Michael's	Southall	100	0.90	2.0	0.0	19.0
242	Tatnell Hall College	Wolverhampton	372	1.02	2.0	0.0	20.3
135	Wolverhampton Grammar School	Wolverhampton	140	1.14	2.0	0.0	21.0
County Average				1.02	2.0	0.1	19.0
West Yorkshire							
332	Airedale College	King's Cross Heath	181	0.91	2.7	5.8	18.0
165	Bradford High School	Bradford	178	1.10	2.0	6.6	19.7
167	Bradford Technical	Horsham	175	1.10	2.0	0.0	19.0
324	Farlington School	Horsham	100	0.90	2.0	0.7	17.1
235	Hurstpierpoint College	Hassocks	302	1.03	3.1	0.0	19.0
84	Lancing School	Lancing	121	1.24	3.1	7.3	20.0
393	Lea Valley Grammar School	Worthing	411	0.80	2.0	5.5	19.0
378	Rosemount School	Litlington	100	0.90	2.0	5.8	21.0
292	St. Mary's	Petersworth	100	0.55	1.9	3.7	13.1
274	Wetherby School	Crawley	107	0.80	2.8	0.1	19.0
County Average				0.94	2.0	5.8	17.5
West Yorkshire							
287	Northwood School	Pontefract	332	0.97	2.0	6.4	19.0
258	Salway School	Salway	381	1.01	3.0	0.0	19.0
67	St. Andrew's Grammar	Bradford	101	3.01	2.0	0.0	23.1
31	Bradford Grammar School	Bradford	22	1.00	3.5	0.0	28.5
321	Claydon School	Leeds	391	0.92	2.6	0.0	19.0
407	Hipperton Grammar School	Leeds	385	0.82	2.6	0.1	15.0
133	Leeds Girls' High School	Leeds	88	1.14	2.8	0.0	21.5
86	Leeds Grammar School	Leeds	81	1.19	2.1	7.2	19.0
212	Queen Elizabeth Grammar	Wakefield	100	1.05	2.7	0.0	19.0

457	Risworth	Wellingborough	401	0.74	2.2	4.7	19.1
454	Wellingborough	Wellingborough	400	0.81	2.3	4.9	19.1
461	The Fulneck Foundation (Boys)	Pudsey	449	0.62	2.2	3.9	11.2
439	The Fulneck Foundation	Pudsey	477	0.77	2.3	4.8	14.1
111	Wetherby Girls' High	Wetherby	218	1.16	2.8	7.2	12.1
451	Woodhouse	Arthington Bridge	443	0.73	2.4	4.6	13.8
County Average				0.72	2.7	5.5	17.5
Wiltshire							
161	Dauntsey's	Nr. Devizes	111	1.11	3.3	6.6	21.3
294	Godolphin School, The	Salisbury	166	0.96	2.9	6.0	19.3
362	La Retraite	Salisbury	124	0.88	2.6	5.3	15.4
179	Marlborough	Marlborough	80	0.80	2.4	5.2	15.4
111	St. Mary's School	Catne	18	1.24	3.6	7.6	23.2
433	Stonor	Melksham	432	0.87	2.6	5.0	14.0
870	Warminster School	Warminster	453	0.86	2.7	5.1	15.7
County Average				0.86	2.7	5.5	15.5
National average				1.0	2.8	6.1	18.6

National average	1.0	2.8	6.1	18.6
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PROPERTY

Cadogan's Place

London's landlords can smile again

Average rents in central London have risen 20 per cent in Mayfair over the past year and 14 per cent in Chelsea, according to agent Knight Frank & Rutley. And there have been fewer tenants over the last 12 months - down 29 per cent in Kensington alone, where continental Europeans have shot up 38 per cent. With a shortage of property, prospects for landlords are good.

Good one-bedroom flats at £250 a week and flats with two or three bedrooms at £500 are in great demand, according to Winkworth Central Lettings, so also are houses at more than £1,000 a week.

The lesson is that if you find what you want, be prepared to

agree terms at once; otherwise, you are likely to lose it.

The Association of Residential Letting Agents is the professional body for about 40 per cent of the country's letting agents. Its code of practice includes forwarding payments promptly and not taking fees from a tenant other than for the inventory and tenancy agreement.

Its brochure, *What Every Landlord & Tenant Should Ask*, is available free from ARLA, in members' offices, and from some Citizens' Advice Bureaux.

Send a stamped, addressed envelope to ARLA, 14/15 Jermyn Street, London SW1Y 6HP, or ring 011-40656 for members' addresses. Glen-Edwards (081-209 1144), an ARLA member specialising in north London, also publishes guides for landlords and tenants.

Typically, landlords charge 10 per cent of the rent for collection and 15 per cent for full management. Henry & James (071-235 8861), which has a strong list in such top London areas as Belgravia, Chelsea and Knightsbridge, charges a tenant £65 plus value added for a tenancy agreement and the landlord pays for the inventory. The landlord pays for the inventory on departure. Meanwhile, if you are letting a

flat or house to which you will be returning, it is worth making the effort to get to know the tenants. They will be far more likely to look after the place properly.

Do not be mean or greedy over a few pounds when you are receiving hundreds.

Be sure to tell your insurance company. For a furnished let, you are likely to find that the underwriters exclude "mysterious disappearance" of contents and will

demand proof of forcible entry if anything is missing. The deposit could go against such losses. But the most effective policy is good relations with the tenant.

Fire regulations that came into effect in March last year are proving a little-known trap for landlords. Curtains, covers and upholstery now must pass flammability

tests if they are part of a furnished letting "in the course of a business".

A transitional period allows furniture used in the property before March 1993 to continue in use until December 31 1996, however.

The catch seems to be the phrase "in the course of a business". That should exclude private, occasional landlords arranging their own lets but, once an agent is involved, the landlord is in the business.

What are the options? Let it unfurnished - already on the increase. Or remove pieces that will not pass the test and let it part-furnished. Or sell the furniture to the tenant.

G.C.

Wary buyers give rented homes a new lease of life

Over the summer quarters, the rental market has been buoyant, according to the Nationwide building society - taken less than three times national average earnings to buy a house. Apart from one quarter in 1970, buying a house has not made such a small dent in people's savings when the affordability ratio was steadily below 1.0. (By contrast, it was 1.56 in winter 1993. Yet, the buying market stays strong.)

The rental market is buoyant, however. "People who might have bought are continuing to rent," says Penny Parr-Head, of Cluttons London Residential Lettings. Indeed, the firm's figures show that in the last 12 months of 1993 and the first 10 months of 1994, it has sold more than 100 houses.

These tenants represent a big change in the property market as they are long-term renters, unlike traditional tenants - people on short assignments or corporate relocation, foreigners, those who are selling and buying, the recently divorced and widowed, and people who buy one day - and need the short-term flexibility of renting.

Together, the two groups are likely to turn the UK slowly towards the pattern in continental Europe where about 30 per cent of accommodation is rented, ranging from a low of just under 30 per cent in France to 50 per cent in Germany. The UK average is a puny 7

per cent, with peaks of 14 per cent in London and Aberdeen. The different rates reflect the different levels of UK property rented. The Britons who buy are not buying an extra demand on a crowded letting market. It is now at its annual, frantic peak of activity as tenants move into the new houses and their families start school. Agents report that stock is as short as it is in the

With negative equity afflicting many and job security on the wane, the letting sector is buoyant again, reports Gerald Cadogan

buying market, and the market have risen. Cadogan's Place, above, is an example of the new houses that have even been informal auctions. She expects a further leap in rents when the quarter's figures are collated.

Thus, prospects are good for landlords, many of whom are far East, who have bought rental property in London with the aim of the devaluation of the pound in September 1992. A typical rental purchase is 4.5 times the observatory garden, with 11 apartments.

Part of a re-development by North, they were sold off-plan by de Groot Collis for a total of about £10m, which works out at more than £470 a square foot compared with £276 for the last house last

year. Such houses should yield 8 to 10 per cent gross, perhaps a little less in the affluent Belgravia district of inner London. Penny Parr-Head, of Knight Frank & Rutley's nearby office, says property prices in Belgravia "are as high as it is hard to achieve the same return".

The market and the attitudes changed attitudes among UK

ants, especially the young, who could not find employment after leaving school or university and became sceptical about their prospects. They saw, too, how the market changed when they had their jobs.

What is the point of the market and the commitment of buying, they asked. In a few years, they would be somewhere else, unable to pay a mortgage or with a new partner. The main reason for the turn in renting is purely financial. In the government ideology promoted property ownership as the way to wealth. The government and the widespread plague of negative equity, have made it difficult to get a mortgage - and a long way from the home-buying mania in summer 1988

after the government announced in its Budget that spring that multiple mortgage tax relief - which people living together each to claim relief - would end.

With low interest rates set to continue, the present income tax relief on the first £50,000 of a loan can hardly be seen as the special treatment for buyers it once was. And since that comes down to 15 per cent in April, the future looks even less welcoming.

There is, too, the fact that potential buyers who hold back and become tenants keep their capital - and they can get a good return on this, since real long-term interest rates are positive. Inflation is low. If they put that money less a home, continuing inflation means they are getting little return to expect the compensation of capital gain from a rising house price.

For UK owners letting properties, the Housing Act of 1988, which introduced assured short-term tenancies, made life much easier - and saw the gradual shift of an improvement for people wanting places to rent. Until then, there was no rent under existing law for owners who had a regular possession from private individuals.

The safest tenants were companies, which could not legally refuse to quit when they had to, and foreigners, who were unlikely to start a legal battle with the owner.



Dunkeld House, in York, which was offered for an initial £10,000 annually for up to 99 years

Assured short-term tenancies do not confer any security of tenure, and tenants must leave at the end of their term (earlier if due notice is given). With the guarantee of possession for landlords, the pattern that was common before the second world war - when houses were owned by private individuals - is re-emerging.

In June, for instance, Kennedy Drew was offering Dunkeld House, in the Yorkshire village of South Ribblesdale, for up to 99 years, at an initial annual rent of more than £10,000. Another interesting offering is Birdcatcher's Cottage, a folly designed by Humphry Repton on

the edge of the park of Woburn Abbey; this is available for up to five years at £800 a month from the Bedford Estate.

The tilt in renting must be a worry to developers who build new homes for owner-occupation. But Paul Magnaioni, chairman of rented houses specialist Quality Street, is one who knows exactly how the wind is blowing.

The firm, in per cent owned by Nationwide, offers lettings from Aberdeen in Brighton in all sectors of the market on assured tenancies. (This alternative to assured short-term tenancies guarantees indefinite occupation as long as the tenant continues to pay.) The firm is now willing to its

stock of about 2,500 of its own and 2,000 managed for others - and has started its own developing. A Magnaioni puts it (and other home builders) note: "The market is still fundamentally uncertain. Until then, all of us believe that God made house prices go only in one way."

Bedford Estate, Woburn Park (tel: 0525-230 323); Quality Street, Glasgow (041-248 4553) and London (071-431 6464).

In some editions of last Saturday's Weekend FT, the captions accompanying the pictures of Bodidris Hall in north Wales (p. 10) and Four Chimneys cottage on Cheshire (p. 16) were transposed.

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FOOD AND DRINK

Clarets

What a very odd year that was

Edmund Penning-Rowell tastes the '84, and discovers qualities in an irregular vintage

The claret vintages of the 1980s were unusually successful, but for more than one reason turned out to be attractive.

The '80s were weak, the '83s inclined to be thin, but from both years there were agreeable, relatively inexpensive bottles for early drinking. '84 was not a bad vintage but it lacked balance and charm.

That the spring was poor, the vine flowering irregular, with much coulure (non-setting of the flowers) and mildew (the fungus that causes rotting), a moderate summer and a wet late September led to many wines being made up of middle of the range. Conditions were particularly unfavourable in St Emilion and Pomerol. Overall the vintage was the smallest since 1977.

Nevertheless, it was by no means uninteresting. A decade later, the '84 growths, which in general made the most of the weather in any vintage, at the

annual dinner to taste the 10-year old wines.

Ausone, perhaps wisely, did not make an '84 grand vin bearing its label and the wines were tasted in the usual order: Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Cheval-Blanc and Petrus.

There were several of the great ent, including a guest, a distinguished Californian wine-taster. At the end, the customary vote on the wine of preference was taken, and the unusual variety of the reflected the difficulty in assessing an irregular vintage.

As often, Haut-Brion provided a problem, for even after 10 years the red Graves seldom have the qualities of

nose and palate of the fuller Medocs. In the final voting one member of the party placed it second, while the others, including our American guest, put it sixth. Here are my notes, made at the table:

Haut-Brion: More colour, soft nose for a hard wine that tasted younger than the others, edgy but long taste, holds up well in glass - deep colour, youthful, needs aeration, may turn out something exciting, but now taut. Dry, tannic at end; pretty nose, not a big wine, but balanced, smelling well; much better wine. Real class, more colour, dry, young; a very good colour, lovely nose, a very enjoyable glass; dryer on palate than Haut-Brion, a nice but small wine, thin; softer more pleasant.

pleasant to return to; rather bitter.

Margaux: More colour, soft nose for a hard wine that tasted younger than the others, edgy but long taste, holds up well in glass - deep colour, youthful, needs aeration, may turn out something exciting, but now taut. Dry, tannic at end; pretty nose, not a big wine, but balanced, smelling well; much better wine. Real class, more colour, dry, young; a very good colour, lovely nose, a very enjoyable glass; dryer on palate than Haut-Brion, a nice but small wine, thin; softer more pleasant.



in refreshed glass, yet dry at end, gentle, mineral nose, after a time the acid began to predominate, has its moments but did not last very long; again not a big wine, but balanced and smelling well; deep, very

sweet nose, a full mouthful of fruit and tannin, slightly watery finish; very classy nose and flavour, but less later; more nose than Margaux, a bit mean, rather in-recess, a puzzle; rather thin compared with others.

Mouton-Rothschild: First really fine nose, concentrated, seductive, mulberry taste, but fairly light body - deep crimson - pure fruit on nose, chunky and ungraceful, astringent finish, concentrated but not well balanced, not as fine as Latour but food, rich, dry and good; definitely a chaplain's taste, tannin coming through; concentrated nose and taste softens in glass, but maintains character; rich,

fruity, enjoyable.

Latour: Big colour, rich nose, the biggest, most fruity of all, long finish - deep colour, hot fruit, well-constructed, the most substantial of the lot, without being alcoholic; lovely nose, slightly chalky taste but rich enough to carry it; great colour, deep and thick, not much subtlety on nose, very full in the mouth, and sweet too; very odd nose, richness over-riding tannin, very long; smell of paper and some acidity, a bit peppery, lively; little nose, but pleasant to the palate, lively.

Cheval-Blanc: Little colour, little nose, but body and short - a bit sweet, dilute and short, very disappointing; soft

character, not pleasant taste; very poor nose and body; light, lacks fruit; cloth and paper on nose, thin, edgy; sweet but much character.

Petrus: Good colour, rich nose, fairly concentrated taste, light for Petrus but food balance and slightly sickly, metallic alcoholic but a metallic harshness at end; concentrated nose, but a certain made-up character. Sugar addition through, but pleasant drinking; cloth, but surprisingly pleasant drinking. Unattractive initially and not much better when refreshed.

The table's order of preference with the lowest figure was 1. Latour (10), 2. Mouton-Rothschild (15), 3. Lafite (20), 4. Haut-Brion (25), 5. Margaux (30), 6. Petrus (34), 7. Cheval-Blanc (35).

My own votes were headed by Latour and Mouton-Rothschild. Ten-year-old wine may vary from bottle to bottle, and only one bottle of each opened.

Cookery

A fistful of fresh memories

Parsley, sage, rosemary and basil; Philippa Davenport looks at the best ways to buy herbs

Herbs now play a greater part in our diet than ever before. Yet, anyone who has ever bought a bunch of parsley and found it still in its (once-common) plastic wrapping, slipping into your shopping basket along with your purchases, will know how difficult it is to get the best.

In neighbourhoods with Greek, Italian, Indian or Iranian populations, there are shops who sell - at modest prices - huge handfuls of the herbs essential to their



native cuisines. If you are lucky, the herbs will come with their own plastic wrapping, which helps prolong their life.

That is the way I used to buy herbs in Italy, a country you might still receive this as a gift if you are a regular customer or a pretty young woman, or if you have bought enough on the vine to produce from the stallholder to earn his approval.

In Britain, if you are not a friendly greengrocer, you turn to, nor a garden in which you grow herbs, the chances are that you buy from a supermarket. Certainly, you are grateful for the variety of herbs available, but it is to be asked to about 10p for 100g (maximum two-thirds of an ounce) of something that grows as fast and furiously as a weed.

There is something faintly mean-spirited about the small quantities in which these crushproof-packed cut herbs are sold. I suppose the smallness of the packs is, partly, because of the speed with which cut herbs are even

when crushproof packed. Coriander, in particular, has a nasty habit of beginning to blacken and rot within a day or two of purchase, especially if damp when packed.

To overcome this, some chain stores now offer fresh herbs in crushproof packs or complete with their own gardens (in other words, rooted in punnets or pots, just like mustard and cress) for shoppers who do not plan to use them immediately.

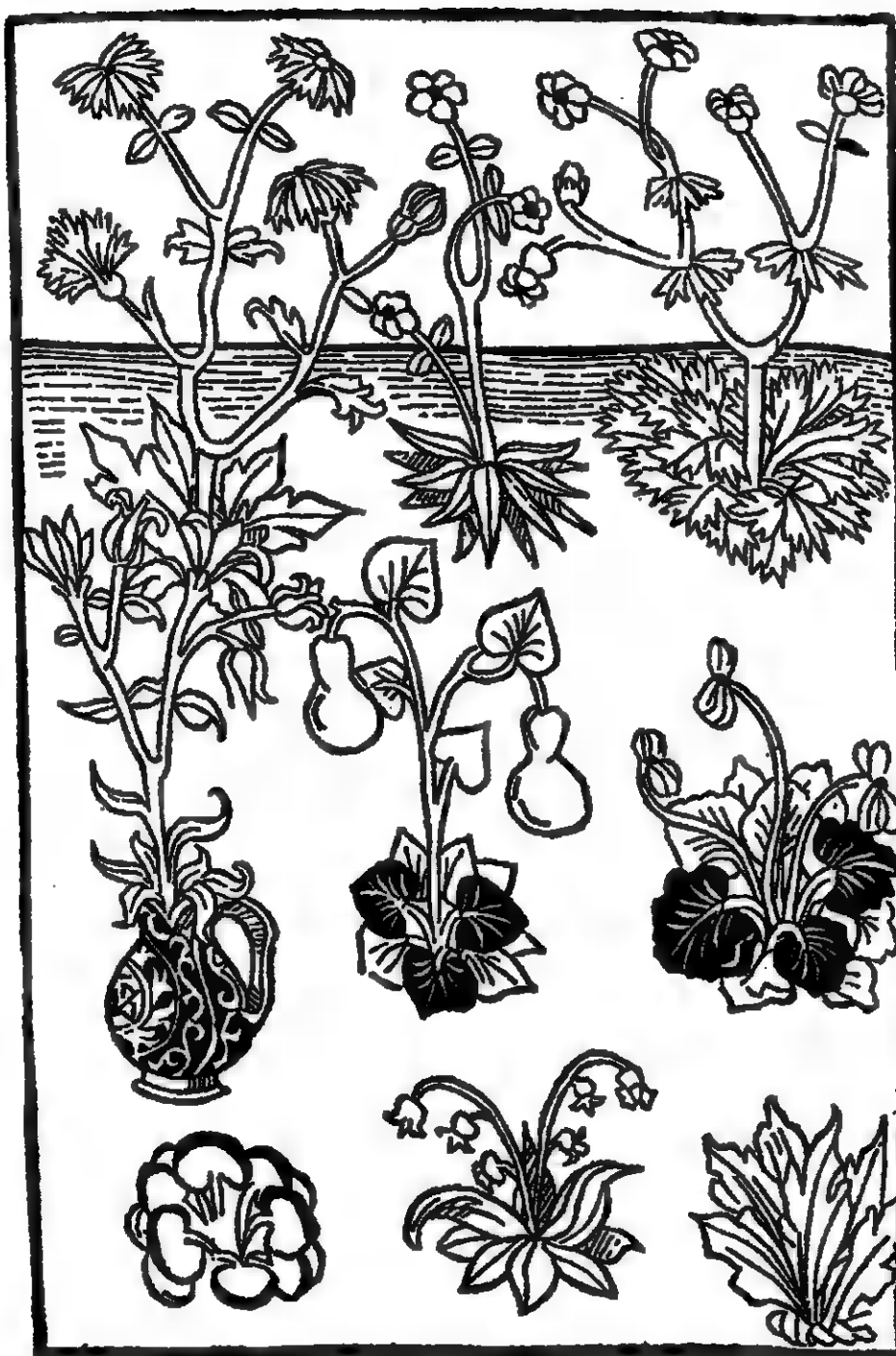
Herbs that are stay fresh longer - and they will continue to grow. The proviso is that you take only a little each time and there every now and then. Fresh plantlets such as these are mass-produced easily. Cut them back hard in a sudden, greedy urge to make bowls of pesto and they are liable to curl up their toes and die.

Long gone are the days when sage, parsley and bay were all that the average English cook would contemplate using. Now, the more exotic the herb, the better it sells. Basil was not a favourite until recently but rocket and coriander have overtaken it, their popularity about to reach kivi-fruit proportions.

Lemon grass from Thailand seems easier to find than British lemon-sour sorrel. And I have yet to see lemon thyme (so much more aromatic than common thyme) or lemon-geranium on sale. Other herbs absent from the market-place are lovage, with its lemon, celery and curry notes; and fennel, the feathery fronds of which make it the most pleasing of aniseed-fragrant herbs.

My hopes were raised by a preview of Doreen's, a French herb shop which is launching its herbs in the UK. Oregano, chervil, sorrel, lovage and lemon thyme were all mentioned.

Alas, it turned out that the French herbs were small quantities in which these crushproof-packed cut herbs are sold. I suppose the smallness of the packs is, partly, because of the speed with which cut herbs are even



Fresh in the meadow woodcut from Puch Der Natur, by Konrad von Megenberg, printed in Augsburg in 1478, taken from The Art of Botanical Illustration by Wilfrid Blunt

basil, flat-leaf parsley and half a dozen other Doreen herbs.

They are frozen, not fresh, but well done for all that: chopped roughly, fluffed with oil and frozen in a bag. They are end product. Retailing at about 10p a bag, they are priced competitively against fresh produce.

Nothing can match the zip of good fresh herbs straight from the garden and the fact that these frozen herbs are chopped does perform limits their uses. But they strike me as a far better back-up for fresh herbs than dried ones at times when the fresh variety is not to hand. But the shake-and-use packaging needs a rethink: it is too flimsy to open and close neatly on successive occasions without spilling some of the contents.

These herbs can be - indeed,

should be - used straight from the bag as they are.

Instantly on contact with food, whether hot or cold. Do not leave the packet hanging around in the kitchen while you cook - if defrosted and re-frozen, the contents will become mush. For the same reason, you need a cool bag and freezer sachets to protect frozen herbs when bringing them home from shopping.

Method: Combine all the ingredients in the container of an electric blender. Blend, stopping the machine several times to push the ingredients down with a spatula, until you have a paste. Transfer to a small glass or other non-metallic bowl.

* Doreen is imported by Frigifrance, tel: 4450 2373; fax: 4450 23757.

It comes from the new, revised edition of Madhur Jaffrey's *Illustrated Indian Cookery*, to be published by BBC Books at the end of September.

Ingredients: 3oz fresh green coriander (the top leafy parts only) coarsely chopped; 1/2-1 fresh, hot green chilli, coarsely chopped; 1/2 tablespoon lemon juice; 1/2 teaspoon salt; 1/2 teaspoon toasted and ground cumin seeds; freshly ground black pepper.

Method: Combine all the ingredients in the container of an electric blender. Blend, stopping the machine several times to push the ingredients down with a spatula, until you have a paste. Transfer to a small glass or other non-metallic bowl.

* Doreen is imported by Frigifrance, tel: 4450 2373; fax: 4450 23757.

Australian Wines

Mixed emotions of youth and age

There is a sort of emotionalism in Australian wine-making. Certainly Australian winemakers are the most phlegmatic in the world, and Philip Shaw of Rosemount is a prime example.

Earlier this summer, in his usual, heavy-lidded monotone, he presented the first 11 vintages of his pride and joy, Rosemount Chardonnay, in a suite as opulent as the wine itself at the Ritz Hotel in London. "Quite nice wine," was about as close as he got to enthusiasm, even about the intense and unashamedly Hunter Rosemount Chardonnay 1983 (usually about \$15).

The wines took us on a textbook trip through the recent history of the world's favourite grape variety in Australia, with the younger vintages substantially outshining those made before 1987.

This was back in the Dark Chardonnay Age when winemakers thought that lots of new oak and deliberate avoidance of oxidation during wine-making was the answer. All that happened was that the deep golden wine all too often turned brown and flat in bottle at about three years old.

From 1987 Shaw, arguably Australia's most influential arbiter of Chardonnay wine-making fashion, used ambient rather than commercial yeasts, cut down on the sulphur dioxide and acid additions, and began to decrease the proportion of new oak.

Although the quality of Australian Chardonnay has increased almost immeasurably since the late 1980s, relatively few of them (Petrauma and Leesvina perhaps) have managed to shed the ability to age. Most are made, more sensibly, in the full knowledge that almost all Australian wine is drunk within a few hours of being bought.

The Cowra region in New South Wales has long provided some of the best fruit in this country. The best of the best of Australian Chardonnay is available in Britain well ago well, and Hunter Valley Semillon is a prime example of wine which actually needs years in bottle to show its best. Sainsbury's

was the probably underpriced Elizabeth Semillon 1988 for \$6.35 in their top 50 stores; it is not nearly ready to drink.

By historical fluke (ships retelling at Madeira perhaps), Australia grows quite a bit of the long-lived, tangy white grape Verdelho, and producers are beginning to see its potential. Richmond Grove Verdelho 1983 is another exciting product of Cowra, from a Jacob's Creek subsidiary, and costs about \$8 from stockists which include Sainsbury's.

Jancis Robinson is impressed by some vintages from Down Under

More handcrafted and subtle is David Traeger's Nagambie Verdelho 1983, \$6.50, from the state of Victoria via the Australian Wine Centre of London WCI (071-625 0751). It has serious substance, no obvious added acid, slight nuttiness and a slight fizz. It would make a great aperitif.

Australian reds have in general shown much better ageing potential than whites. A few days before the decade of Rosemount was displayed, Australia's wine giant Penfolds showed off, inasmuch as Australians allow themselves to show off, historical ranges of some of their most popular red wines back to the prehistory of the 1970s, and even a slightly decrepit bottle of Bin 60A 1982.

Every Grange back to 1976 was a turn-on in some respect; but it was the obvious ageability of their high volume Shiraz, Cabernet and Merlot that impressed.

Koonunga Hill 1983 was an absolute delight at 12 years old - just like the Merlot, which cannot believe that subtlety is ever to be found Down Under. In fact although the wine contains more Shiraz grapes than Cabernet (especially so in 1982 when Cabernet was all the rage and Shiraz as yet uncelebrated resource), the wine had an uncannily Bordeaux-like balance and bouquet.

The 1982 was a museum bottle, but Koonunga Hill Shiraz-Cabernet 1982, widely distributed at \$2-something, is very easy to drink now and should keep well.

In contrast, Penfolds Bin 128 Coonawarra Shiraz seemed a less successful candidate for the cellar. The 1981 is still quite hard work because of the acid that manages to dominate its big, fat fruit, while the 1988 was still chewy but a bit simple, and the 1980 was old rather than mature.

The Wine Society of Stevenson has an Australian red that is at a delightful stage of well-mannered, drinkable middle age. Houghton Gold Cabernet Sauvignon 1988 is \$5.95 and from the southern tip of Australia.

maker would probably be as "not a bad drink". I would call it gorgeous.



Dining in San Francisco

Restaurant heaven by the Bay

Nicholas Lander travels to northern California and is excited by what he finds there

Nicholas Lander, a writer and food critic, described her job succinctly: "It's as though I'd died and gone to restaurant heaven." I could just as easily use the same phrase to describe my fortnight's stay in the Bay Area.

Even who simply enjoy eating out, but do not have a fascination with the restaurant industry, what is happening today in and around San Francisco is exciting - perhaps more so than in any other large city.

It is just the quality of the raw ingredients - wonderful salads, fruit and vegetables, an increasingly high proportion of which are organically grown; the array of breads; the lentils; poultry and fish - but the cooking techniques, which are varied. They include wood-burning ovens, grilling, mesquite, spit roasting,

and the craze among American diners using stacked suppellex to present food in layered mini-towers.

Spectacular locations for restaurants in and around the city, with the bay and across the Golden Gate bridge in Marin County, are an obvious attraction. The spectacular modern design helps, too. It all adds up to a convincing case even the most hardened sceptic.

Indeed, a dinner at Erika's, in San Francisco's Japanese district, San Francisco's Japanese district, Jean Francois - who travels the world's wine regions selling wine barrels - admitted that the city's food was now better, in terms of interest and value,

than that of his native London. There are, however, two caveats. First, the further benefit today's diners in northern California and may set standards for restaurants elsewhere.

The first is the extraordinary growth in what Americans refer to as the hospitality industry. The US Bureau of Labour Statistics considers food service to be one of the fastest growing segments of the economy - it estimates that jobs in this sector will increase 30 per cent overall, and chef positions by 42 per cent, by 2005.

According to the California Restaurant Association, businesses which serve food are

the state's second largest tax source and in 1992 the industry generated \$24bn (£15.4bn) in sales and employed 780,000 workers. The number of American cooking schools to train future chefs has increased from a handful in the mid-1970s to more than 500 today.

The most ambitious yet is due to open in 1995 in the former Christian Brothers winery in the Napa Valley. I had been told on a previous visit that San Francisco had so many restaurants that if all its inhabitants were to go out to eat on the same night there would be enough restaurant chairs to accommodate them.

Since then, San Francisco

has lured from Los Angeles where the economy is less robust, enticed plutocrat Gordon Getty, the oil tycoon and son of Paul Getty, to open Flamingo Jack's, initially a wine shop, now with a restaurant attached - one restaurant, local wis observe, that may not have to struggle quite as hard as its competitors to make a profit. All this has given a second career opportunity to many chefs and restaurateurs whose initial career ended in the recession.

As a result prices remain reasonable, menus and wine lists sparkle and customers are solicitously looked after - if not they walk. The established restaurant's dilemma

was poignantly illustrated by Joyce Goldstein, whose restaurant, Square, has been winning plaudits for more than a decade. "Every time a new restaurant opens we see our regular customers slightly less often."

A striking example of the American "can-do" philosophy is the recent opening of the Rutherford Grill, Napa Valley which has achieved a daily turnover of more than \$10,000 after just two months of trading.

This, comfortable, wood-framed, rustic diner, is owned by Houston Restaurants, based in Phoenix, Arizona and is the company's 27th restaurant. Building began last January

and doors opened on June 8. Corporate policy with any new restaurant is to fly in their best staff from across America - manager, barman or short order cook - for the first three months to train their local staff.

The management realised that only the local competition from such nearby restaurants as Tra Vigne, Stars Cafe, Mustard's Grill and Don Giovanni's but that a sense of belonging to the community with the local community is essential for any new restaurant's survival.

So for the first two days, for two hours at lunch and dinner, the Rutherford Grill serves food free. Instead, every diner was asked to make a volun-

tary \$5 donation to two local charities and raised thousands of dollars.

Business is booming. The queue of diners waiting for a table - the "no booking" policy is a "no booking" policy - is a testament to the reasonable prices, excellent service and well prepared food: the spit-roasted chicken is particularly good. The Rutherford Grill will hold its own until a new restaurant manages to make them a gastronomic threat they cannot refuse.

Restaurant heaven has no place for smokers. Most California restaurants operate a no-smoking policy throughout to protect their staff from the effects of passive smoking. On August 1, Oakland passed an ordinance banning smoking in all its restaurants. Naturally, this is being opposed by tobacco company Philip Morris, but Californians will be able to vote on the measure during the elections in November.

TO LITOTES

ARTS

In search of the spirit of German romance

In the importance of an exhibition is to be judged by the weight of its catalogue, then *The Romantic Spirit in German Art* is a very important exhibition indeed. And so, up to a point, it proves. Nothing can gainsay either the quality and interest of the work on show, or the scholarship that informs the exercise. The idea behind it is enough, and in the celebration of particular artists, from Caspar David Friedrich to Joseph Beuys, it is given as much work as fine as one could wish. Why then, in the end, a sense of disappointment, of an opportunity missed?

William Packer bemoans an opportunity missed

answer lies with the orthodoxy of the scholarship and the banality of the curatorship.

No one who knows anything of German art could fail to be intrigued by the central premise of the show. What is this dark and tormented sensibility, that yearns for perfection even as it chafes false gods and hopes, that sees only despair and despair stalking the forest of its imagination, that finds love only to lose it? What is this Romantic Spirit by which we would say of Friedrich and Kiefer alike, as of Goethe and Wagner, that they are, well, so very German?

In short, the show cries out for a radical comparative work in the defence of chronology. With Beuys, for example, whose fine group of drawings touches the very quick of his originality, how good it would have been to see him alongside Paul Klee, Marc and Wols, and earlier, Rethel and von Rasko in the 1840s, Olivier in the 1820s, and the young

Friedrich in the 1800s, all of whom are well shown. But no. Time is time and we are brought up short by particular and remarkable images, striking as any is a self-portrait by Victor Janssen of 1823, who looks out at us across his bare shoulder, his shirt folded down to the waist. It prefigures the paintings of the *Neue Sachlichkeit*, the New Reality, by a century. And where is the portrait by Christian Schad from the 1920s to set against it, by Dick Ket, or George Grosz, or Otto Dix? Dix, in this aspect, is represented by only a minor piece, while Schad, Ket and Grosz are not even in the show.

Such omissions are serious enough - that of Grosz is inexcusable - but more serious than that of Max Beckmann, one of the truly great painters this century. To leave him out and yet to include Georg Baselitz, a lesser artist whose early work, quite reasonably, is shown in depth, is to make a nonsense of any possible connection. Indeed the contemporary ghetto at the Fruitmarket end of the exercise, where Beuys, Baselitz, Kiefer and Richter sit with trivia from Sigmar Polke and Blinky Palermo, shows curatorship at its most orthodox and flatulent - these six are shown on a scale of all proportion in their importance in the given context of the show.

But I protest too much. The show comes to the Hayward in London next month, and we shall see what differences a rehanging makes. As it is, section by section, from Romanticism as such through Symbolism to Modernism and the present day, each discrete display has its interest and qualities. The group of paintings and drawings by Friedrich in particular is as strong as any we have lately seen, and offers a more intimate view of him who may often seem remote and unsympathetic.



'The Wreath Maker', 1815, by G.F. Kerating at the Royal Scottish Academy, Edinburgh

The show says a bit in the mid-18th century - it has done with painters such as Calame and von Menzel who figure in the National Gallery's current show of Romantic works from Winterthur - it picks up with the Symbolists, Becklin, Klinger and Hodler especially, and moves on

strongly to the Expressionists and the Surrealists. It is intriguing thus to find Ernst and Kandinsky cast as German Romantics. Always more comparisons suggest themselves. In the modern rides her donkey-unicorn through the forest, Hans von Marées has a naked horse-

man pluck oranges from the tree while a girl, no less naked, morosely looks the other way. How dark and soulful it all is, how very northern and Teutonic. And we think back to Monet's *Madame* next door at the Scottish National Gallery, and to Rousseau's lovers beneath the summer trees, and Pic-

asso's nakedly indolent bachelors - how very French, that all was, how very southern. The Romantic Spirit in German Art 1780-1900. The Royal Scottish Academy and The Fruitmarket Gallery, Edinburgh, until September 7, then to the Hayward Gallery, London; sponsored by Beck's.

Music in Edinburgh

The Borodin Quartet takes up Beethoven theme

Just in case the moral of Beethoven looks as though it might make a heavy theme for a festival, Edinburgh has thrown in Chabrier as well. Whoever brought these two composers together certainly has a sense of humour, but at least the two together are providing variety.

That a composer as well-known as Beethoven should have been chosen at all as a festival theme has been criticised in some quarters, which is hardly fair. Leaving aside the need to attract an audience, a big international festival like Edinburgh will always have to focus on composers who left great music across as wide a range of disciplines as possible, preferably including opera as well as orchestral and solo music. Beethoven fits the bill - just.

His weak area was opera, but the festival director, Brian McMaster, neatly side-stepped that problem by offering a "Fidelio day" that widened our view of Beethoven's experience in opera to take in the years of struggle and re-writing during which *Fidelio* was born.

The rest of Edinburgh's Beethoven is less adventurous. Assorted pianists are offering piano sonatas and all nine of the symphonies are being performed by sundry orchestras, both period and modern. No attempt to be dogmatic about performance style there.

For the string quartets, the Borodin String Quartet has monopolised the field. The Borodin is of course, a modern-instrument quartet. (Although period orchestras are making notable headway with Beethoven, period chamber groups have had less success; perhaps four period strings just sound too thin and scratchy in our present-day recital halls.)

There need never be any complaint about tonal blend when the Borodin is playing. Over nearly 50 years, and despite changing its personnel on the way, this quartet has maintained an admirably civilised tone quality, second to none for subtlety. Its Beethoven mornings in the Queen's Hall this year were far removed from the Lindsey's strenuous, abrasive combat or the Emerson's hard-edged intelligence, but perhaps that was half the problem.

Of their five programmes, I attended two. The early quartets - Op.18, Nos 4 and 5 - were playful in the gallant manner, elegant court games, not Beethovenian rough-and-tumble. The *sporzandos* were a tougher attack. In the *Major's* slow movement one of the variations was nevertheless marvellously rapt.

Of the two mature quartets, the comrade Op.65 held together better than Op.130, which passed through some finely cultivated without suggesting it had any decisive in mind.

Trenchant Beethoven playing only firmly took the shape with the *Grosse Fuge*, a quartet to which all four players roused themselves with fire in the belly. That performance drew enough to warrant an encore. The Borodin Quartet is among Edinburgh's favourites: hopefully it will be back next year, whatever the theme.

Richard Fairman

The Queen's Hall recitals were sponsored by the Bank of Scotland; and the Royal Bank of Scotland.

At the Edinburgh Festival our critics spend an insufferably long time at an ice rink and find comedy a few steps from the office

A tragic Oresteia and fantasy on the Fringe

How come the director Peter Stein can be presenting a version of Aeschylus's trilogy *The Oresteia* in a hall without any saving merit? His revived stagings of *Falstaff* and *Pelléas et Mélisande* (Welsh National Opera) have been among the highlights of the last 12 months in Britain. His account of Shakespeare's *Julius Caesar* last year was flawed, but his solo acting, some colossal crowd scenes, and a hild and serious reading of the text. *The Oresteia*, however, is badly acted and sloppily paced throughout. And in the last play, *The Eumenides* - where Aeschylus turns the colossal family tragedy into a political drama - Stein resorts to ludicrously camp and frivolous effects.

The Stein *Oresteia* began life in Germany over ten years ago, and I would guess that it was then freshly conceived and potently acted. Yet could anyone even then have been impressed by his use of the chorus? (Presumably yes, since I have seen subsequent Euro-stagings of Greek tragedies whose choruses - I now realise - were cast in this mould.) In *Agamemnon*, the trilogy's opening play, the chorus of Mycenaean elders is played like a collection of shuffling old gents, in brimmed hats, heavy coats and walking sticks who are based around a long office table whose desk lamps they switch on and off from time to time. (Halfway through they move off.) Aeschylus's choral odes, whose rhythmic force is all-important, are turned into conversational mutterings without pulse or metre.

In *The Libation Bearers*, the female chorus - 11 modern women in black and high heels - has fitful bouts of tepid lyricism; but in the final play, the chorus of female Eumenides (furies) is a shrilly expressionist coven of white-haired black-faced crones who shriek and shout their lines. (The surtitles remind us that some of their words mean "Moderation and discretion are always the best policy".) Humph.)

But most modern of modern tragedies blunder in their use of the chorus. Stein, however, sinks further. Athena is played (rather well, actually, by Elena Majorova) as a slyly long-haired glamourpuss. She presides over the big trial scene

like a game-show compère, pacing briskly around the Furies as if filling in time before one of them came up with this week's prize-winning answer. Apollo, in a double-breasted white suit but without a shirt, is a comedy ponce. He descends from the ceiling (sitting on a lift), strums his lyre stupidly at irrelevant points, speaks his lines with blantly jokey insincerity, and then rushes feyly across the stage: all to widespread audience laughter. I confess to a certain malicious glee in reporting that, when he reascended to heaven, he bumped his head on the ceiling.

In *Agamemnon* alone, Clytemnestra wears four different outfits. Can you believe that she addresses her husband, the high king of Greece, feigning joy at his return, with her hands in her pockets? I have survived to tell the tale. I am

Most modern stagings of Greek tragedies blunder in their use of chorus; Stein, however, sinks even further

not, however, man enough to tell you just how badly Ekaterina Vassiliev acts her: mainly through clenched and bared teeth and with much chestily melodramatic vocalisation. Her daughter Electra, though played in a higher vocal key by Tatiana Doguleva, takes after her; she screams and weeps with great relish.

Then there is the clunky pacing of each play. I realise now why I have always preferred Stein's stagings of operas to his stagings of plays - because he cannot set the tempo for Verdi or Debussy. In *The Oresteia*, you long for more surtitles, just because you want something more to read (anything - it need not be by Aeschylus). In *Agamemnon*, the gear-changes introducing or following each choral ode are so slow that the whole play stalls. Since the whole trilogy lasts (with two intervals) seven hours and a half, this slowness becomes insufferable.

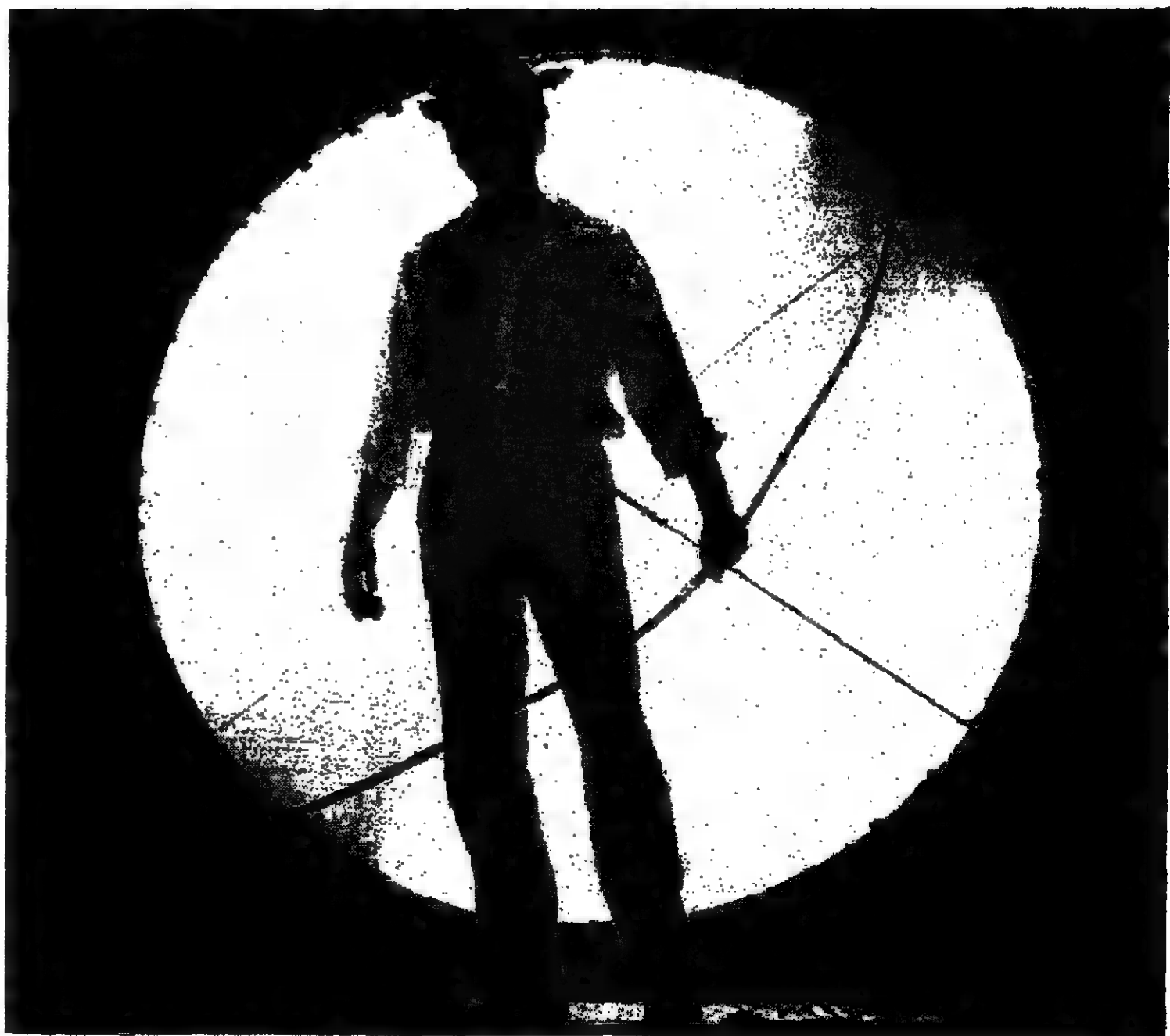
Let's sound vindictive, I will add

that Evgueni Mironov's performance as Orestes has an integrity, a variety of tone, and a mixture of restraint and intensity that stands out amid the other performances. And, of course, there is some stimulus to be had from renewing acquaintance with Aeschylus's monumental trilogy, even in these circumstances. To my ear, the Russian text used here has nothing of Aeschylus's rich gravitas, but the power of his overall architectural texture can hardly be missed. One thinks of *The Oresteia* as one single work of art, like the Parthenon, but actually it keeps changing as it proceeds. Eventually Orestes and his family pass out of view, and the drama addresses the issue of justice and law, and leaves us looking not backwards any more but forward into a new democratic world. Beside this awesome construction, most subsequent drama feels as flimsy as balsa-wood.

Alastair Macaulay

The Assembly Rooms, Edinburgh's Georgian honeycomb of a theatre, is a fitting venue for the production of *The Oresteia*, which is being staged by the Edinburgh Festival Fringe. The production is a collaboration between the Edinburgh Festival Fringe and the Edinburgh Festival Fringe.

Such is the harrowing nature of much of the fringe, those who do not immediately twig may take the opening of *Geel*! Seriously, with its young man in a woman's petticoat reclining on a chaise-longue and reminiscing about the squalid background (one of 12 children of a hooker, regularly abused) that led to eminence among Andy Warhol's superstars. Only when the young man is dressed in a female garb does the penny drop: this Ruggly radish-packer has channelled his lifelong *Warhol* attitude into fantasy. Just how far the fantasy



A scene from Peter Stein's production of 'The Oresteia', staged in an ice rink

we are unsure. Did he really take Warhol's place on a lecture tour in Birmingham (which sensitive city I advise this show to visit)? Either way, the production is very funny, especially in the Brum scenes, when reliving the youth first as a mod ("we looked like this": blank vacuity) then as a rocker ("we looked like this": blank vacuity, the head further forward). Sarah Frankcom directs Stephen Dinsdale's script. *Blue Helmet* might make more of an impact than the Midlands' Or did he remain the Midlands'

most unloving son, driving off from the Midlands of Birmingham (which sensitive city I advise this show to visit)? Either way, the production is very funny, especially in the Brum scenes, when reliving the youth first as a mod ("we looked like this": blank vacuity) then as a rocker ("we looked like this": blank vacuity, the head further forward). Sarah Frankcom directs Stephen Dinsdale's script. *Blue Helmet* might make more of an impact than the Midlands' Or did he remain the Midlands'

in projecting without mikes could be their lines over. Chief offenders are Mark Arden's semi-intelligible blurt as a thick British private and Maria McErlane's mumble as a doctor from Médecins Sans Frontières. As the well-meaning but indifferently inept UN commander in a murderous madman European three-way civil war, Robert Llewellyn plays with cheerful clarity and style; but then he wrote

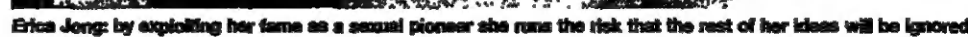
European, one Hindu include one military who longs to meet Kate Adie. That is one of the funnier jokes. The humour is heavy-handed, certainly not funny enough to redeem tramping on sensitive areas. And when made more than once in a character's breasts, it seems lazy to present us with a flat chest. Or perhaps that's a joke as well.

The *Oresteia* is at the Murrayfield Ice Rink tonight and tomorrow

Anna Karenina. They can no longer blithely plunder our psyches for their subject-matter".

In spite of her fame and success, Jong stult presents herself as something of an outsider. She has a strong sense of mischief without always being able to predict how her audience will react. She seems genuinely puzzled by the inability of reviewers and profile writers to see her as she sees herself: a revolutionary in salmon-pink silk.

Fear of Fifty is published by Chatto & Windus (£16, 390 pages).



skumpy. I looked up Existentialism on the "Topic Tree" and was soon floundering knee-deep through Kierkegaard, Sartre and Heidegger. My friends urged a swift return to *Top Gun*, whereupon I insisted on an overdue adjournment to dinner.

[illegible]

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he Borodin quarter takes Beethoven theme

BOOKS

Doomed guru of the divided self

Christian Tyler on the spectacular failure of the charismatic analyst who tried to redefine madness

It takes courage to dig out the case notes if the subject is your own father - real courage if his name is R.D. Laing. Perhaps Adrian Laing found the experience cathartic. For what emerges from his biography is pure Greek tragedy.

R.D. Laing was a gifted, musical, only child from lower-middle-class Glasgow who hated his mother and broke with his father, who revolted against the prevailing medical treatment of the insane, carved fame for himself and found it as a cult figure of the 1960s, and who was driven by an egoism of heroic proportions into a self-destructive vortex of drink, drugs, violence and despair.

Laing's own analyst characterised him as "a special case" who had "an extremely

effective schizoid defence mechanism against exhibiting signs of depression". Ironically, because Ronald Laing's most influential work, *The Divided Self*, was a study of schizophrenia, a condition he refused to call a disease but associated instead with family tensions. To label someone a schizophrenic was, he once said, "a political act". Indeed, he regarded all madness as mere behaviour, a healing process for some existential impasse.

For all his radicalism R.D. Laing was not, says his son, an

anti-psychiatrist. He had an extraordinary skill and sympathy with patients but an extraordinary contempt for authority, too.

The peak of his career was in the mid-1960s when the fashionable intelligentsia gathered at Kingsley Hall, his experimental hostel in the East End of London.

There, in an haze of recrimination and LSD, things began to fall apart. Though he remained as energetic and prolific as ever, Laing's love-life was a mess (he fathered 10

R.D. LAING: A BIOGRAPHY by Adrian Laing Peter Owen £25, 248 pages

children by wives and lovers), his books began to fail and his American lecture audiences to yawn.

A meditative sojourn in Sri Lanka and India restored him temporarily as a guru for the pot-smoking generation. But the tide of fashion was turning. Laing

tried to stay with it by jumping onto American bandwagons like "re-birthing" and the natural childbirth movement.

But he was a follower now, not a leader. One daughter suffered a breakdown, another died of leukaemia at the age of 21. The old brilliance became more fitful and the charisma wore thin, exposing a violent, hard-drinking, bad-mouthing, bitter Glaswegian.

The final indignity came in 1967 when Laing was struck off by the General Medical Council, accused

of being unfit to practise due to alcoholism. Although he gave up drink and retired to Austria it was too late for the comeback he planned. He died two years later at the age of 62.

Little wonder that the author says his relationship with his father has greatly improved since the latter's death. Admiration, disgust and love are all evident in this portrayal, though one is left wondering whether the picture is too black - or not black enough. Adrian Laing has not passed

judgment on his extraordinary father's life. Nor, as a lawyer, and body, has he attempted to assess R.D. Laing's place in the short history of psychiatric medicine.

What seems obvious even to the layman is that Ronald Laing was not really interested in providing solid scientific justification for his theories, humane and liberating though they may have been.

Modern neuroscientific research seems to be mainly propelled by the hunt for "schizophrenia genes". In other words, madness is seen as a chemical aberration not a social construct.

If R.D. Laing was a failure, he was a spectacular one. But if he was a failure it seems to have been not so much because he was wrong about madness. He was just too obsessed by himself.

Politics and polemic with a limited shelf-life

These warmed-over essays should never have found their way between hard covers, says Alan Clark

Publishing is said to be a rather dodgy business, with a lot of its or miss. Something like 50 "misses", books that do not even earn their advance, to each big hit.

Certainly if you go into any bookshop, the shelves are filled with stuff the demand for which it seems almost impossible to identify. Publishing must be one of the few commercial activities remaining where no real market research is ever conducted. The demand appears to be scattered at random in the hope that one or two may end up as "demand led" bestsellers.

Of course with HarperCollins this does not matter much. Its access to the subterranean tunnels of the Murdoch accounting system has allowed it to pay, by some accounts, more in (unearned) advances to Lady Thatcher and Jeffrey Archer than the total paid to all other authors, by all other publishers, in the whole of 1994.

And so, I suppose, instead of charging £20 for this collection of warmed-over essays the book could have been distributed free. Even if it had been, though, I doubt whether it could have overtaken Sir Norman Fowler's epic, *Ministers Decide* - so far the loss-leader in the turkey stakes.

The blurb, curiously complacent even by the particular standards allowed to this genre, warns the reader to look forward - *inter alia* - to a "hitherto unpublished account of the Portuguese Revolution of 1970".

Gosh! ... the carnival months that followed the collapse of the old dictatorship.

Or should it be Aaaa? Aaaa, the seventeenth The happy days of batty activists, beer-and-

sandwiches at Number 10 and "meaningful" little dinners among academics and "opinion-formers" on the Left - before the wicked white witch appeared on the scene and sent them all packing.

One of Mr Pimlott's problems - not his main problem, but one of them - is that he is simply out of date. There are a good number of gifted political essayists around. Matthew Parris and Frank Johnson still read well even years later.

But it is absolutely no good blinding between hard covers paragraphs with phrases like "How happy Kinnock must feel," or (a good way off) "Kinnock should not believe that by stamping on Militant

FRUSTRATE THEIR KNAVISH TRICKS by Ben Pimlott HarperCollins £20, 417 pages

he has destroyed the Degas phenomenon," or "The Macmillan era was one of tinsel (sic) prosperity... he... was an inept, elderly music-hall turn way past his best..." or (of Winston Churchill) "To the public the wartime hero now looked like a domestic dinosaur."

This man is meant to be a professor. But however exalted his position, surely clichés such as these ought to have been edited out before the original newspapers - never mind the book - went to press.

The high foothills of journalism, before one reaches the mountain range where serious scholars (though not, apparently, professors) dwell, are peopled by many writers of great talent.

In this company - I select names at random - Andrew Marr is better informed, Lesley

White more perceptive, Robert Harris (alas presently in suspense) more pleasing in vituperation, Barbara Amiel more persuasive in argument.

The unfortunate Mr Pimlott is tripe, derivative and, where his predictions ("I have a hunch that...") he often says) are capable of subsequent verification, wrong.

He has no idea, really, what makes the Tory Party tick. "Major's position (writing in July 1993) is worse than that of Chamberlain in 1940."

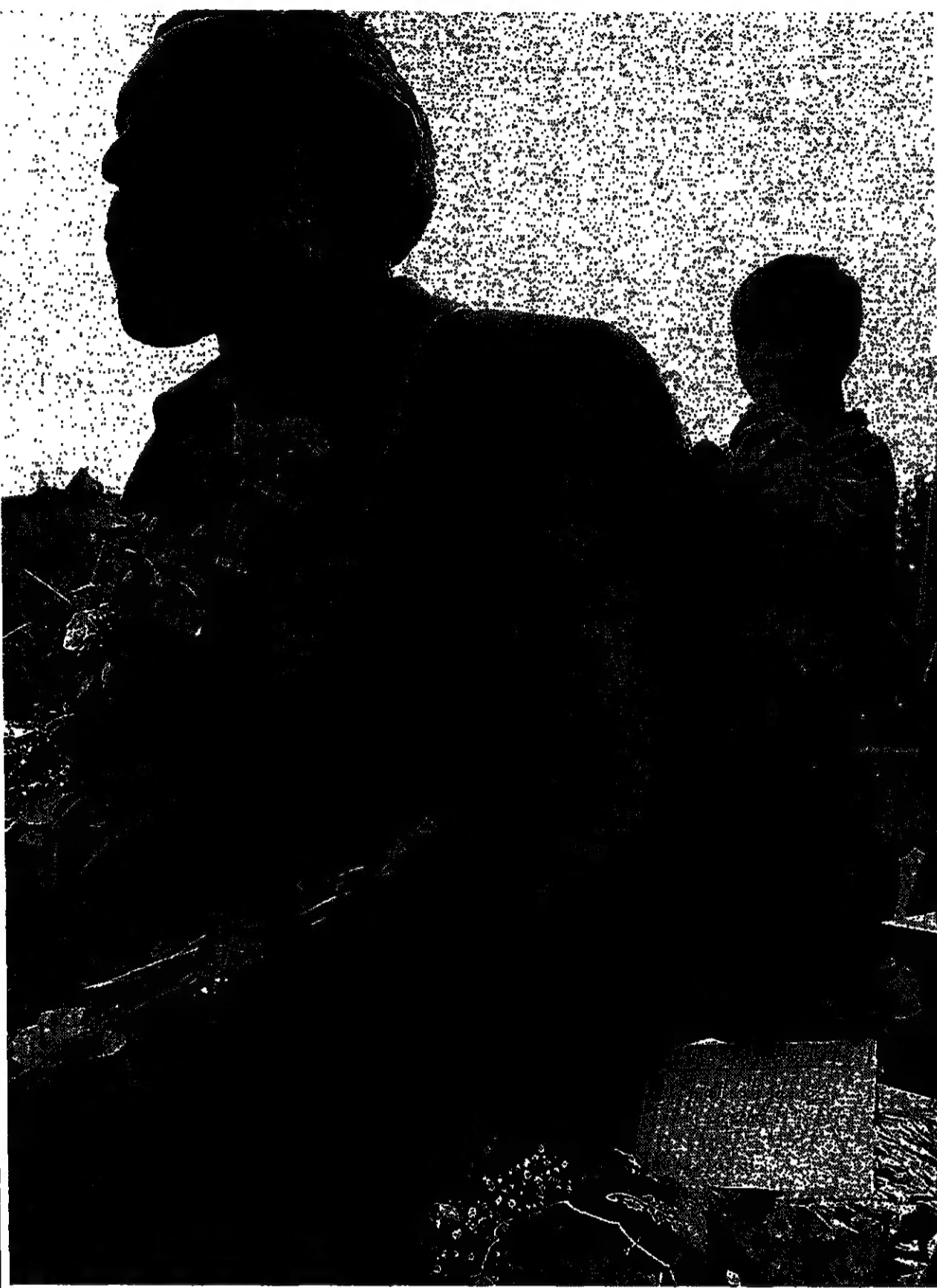
Nor much idea, it would seem, of what is happening to Labour: "... by widening the gap between itself and the Alliance Labour has removed the question-mark over its status as the main Opposition party, and much may flow from that."

He is irritatingly slack in his use of words. Regime can apply to diet, dictatorship, or fitness schedules. Only Dave Spart or lazy journalists use it to describe democratically elected administrations.

In a short piece on Christopher Hitchens (containing the only joke - a personal one about the appearance of the author - that I could find in the book) Pimlott says that "the test (of collection of essays written since the mid 1980's) is for the reader to be able to open it anywhere and be drawn into the argument."

Actually, now I come to look at it, I realise that even this undemanding sentence is barely literate. But anyway, no thanks.

Twenty pounds may not be much for people who can send out at supper time for an "amusing quiche" but my advice would be - spend it instead on seven gallons of (leaded) petrol and go for a drive.



Berlin 1991: a statue of Marx decked with flowers and a note - "You were so right". From the Oxford Illustrated History of Western Philosophy (200)

Dance story for adults

For the performer, dance is the most punishing of all the arts: years of rigorous physical and mental training for, at best, a short-lived, over-worked career, or, more likely, failure. But perhaps because of the mix of aestheticism, pure aesthetics and absolutist devotion it demands, dancers have always been highly romantic figures. Moira Shearer in *The Red Shoes*, Noel Streetfield's *Ballet Shoes*, quicken the pulses of generations of school-girls. Now, in *Prologue*, here is a dance story for adults as evocative and thrilling.

Joan Brady is a harrowingly honest writer who won last year's Whitbread prize for her novel about dysfunctional American family life, *Theory of War*. Her first career, however, was as a dancer: she trained at the San Francisco Ballet School and under Balanchine in the heyday of the New York City Ballet in the 1950s.

At 19, she was poised to enter Balanchine's company, and given four days to rehearse his ballet *Stars and Stripes*. For 72 hours, she searched vainly for a record of the piece, and trembled over the jetsé dances and Balanchine's famous perfectionism. On day four, she found the

AN UNCONVENTIONAL LIFE by Joan Brady Andre Deutsch £14.99, 213 pages

record and was about to begin hours of practice when the door burst open and her mother screamed "you're nothing but a snivelling little tart... you don't even know that silly little part. You'll never know it. You haven't the wit to learn it... You look like death on stage. Who wants to watch death? One performance, and that'll be the end of you. You'll never dance. Not ever." She flunked the performance and a week later walked out of ballet school. She married, had a child, and left America.

Did she make a comeback? Could she retrain and get back into shape? Who were the generous dancers who helped her and the jealous ones who hindered her? This superb memoir recaptures the brittle, vengeful milieu of family life which Brady distilled in *Theory of War* and interlaces it with the powerfully-tense and competitive world of ballet school. Fists and trappes, leotards and legs, the nervous titters and the too-bright looks, teachers like Balanchine and the great ballerina Alexandra Danilova (dressed in old age "like a Woolworths Christmas tree ornament"); all are scrutinised under Brady's quick, passionate, amused eye.

Threading through the book is her relationship with the writer Dexter Masters, with whom she fell in love in 1942 when she was three years old. When he visited her family home, she used to sneak a look at him sleeping in the guest room and vowed that she would marry him. Just before they began an affair in the late 1950s, it had emerged that he had been her mother's lover for years, and that she had destined him to be "the husband of my old age". In a deadly earnest version of *The Graduate*, mother and daughter fought out a battle which ran in parallel to the elations and exhaustions of ballet training.

This is one of the most fluent and colourful autobiographies of recent years: a contribution to both dance literature and the literature of adolescence. It contains not a shred of self pity, and confirms Joan Brady as a striking and unconventional voice.

Jackie Wulschlager

Guilt and attribution

A.C. Grayling challenges Kate Millet's interpretation of torture

According to Amnesty International, torture is practised by more than half the world's governments. The United Nations definition of torture is any act by which mental or physical suffering is intentionally inflicted by public officials, or their agents, for the purpose of securing confession or information, or for punishing or intimidating the recipient.

By the end of the 18th century torture as a judicial instrument against crime had ceased almost everywhere - it was banned in Russia in 1801, in Japan in 1847, in Britain during the 18th century. But even as it vanished as an acknowledged resource, openly applied as a result of due legal process, it reappeared elsewhere as an unacknowledged and hidden weapon of the state against "political crimes" of dissent and opposition. If it was a "shame and reproach on mankind," as the Tsar's ukase described it in September 1801, it has since become even more so in the hands of secret policemen everywhere.

Kate Millet made her name with her best-selling *Sexual Politics* and has been a vigorous protester ever since. Here she turns her attention to torture and its widespread occurrence in the recent and contemporary world. She ranges widely, across the

Soviet Gulag, Northern Ireland, South American dictatorships, Africa and Asia. And the range is not merely geographical: one chapter addresses the Holocaust, the next reports the case of an Algerian journalist in the hands of French soldiers. Much suffering and cruelty is recorded, prompting much sorrow and anger in response. We read in newspapers of the "disappeared" in South America, of torture, rape, and murder in Guatemala, Argentina, Brazil. Distance makes it easy to shake one's head and pass on to the next item. Then we read of "ethnic cleansing" and rape in Bosnia. We stir uneasily: this ugliness is in Europe, nearer home - and so soon after 1945.

But, rightly, Millet will not allow us just to pass on again. If we are French, there is the scandal of Algeria to live down. If we are British, there is the fact of prisoners in Northern Ireland standing hooded for long hours, deprived of food and sleep and subjected to continuous monotonous noise. It is and should be an unpleasant shock to face such facts. British treatment of terrorist prisoners might be relatively much less severe than torture usually is - although comparisons are of little comfort to victims - but

the meaning is starkly clear. It happens here too; guilt is everywhere.

Because torture is a vilest it is, in one way, easy to evoke shock and concern by recounting the brute facts of it. This Millet does in the passages where she is simply reporting. Her method is to summarise a book by a torture victim, or a film, or to describe

THE POLITICS OF CRUELTY by Kate Millet Viking Penguin £18, 315 pages

photographs of victims; in this respect her book is an anthology of paraphrases, a sort of agonising Reader's Digest of Sobkhenitsyn, Primo Levi, and other sufferers.

Among these summaries she interperses her own meditations and views. Whereas the paraphrases retain something of the power of the originals - suggesting that one should read and think about them and not Millet's summaries of them - her interpolations are nowhere near as telling.

The chief reason is that Millet is indiscriminate. She has her *bêtes-noires* - one especially: "patriarchy", that is, male-dominated culture - and her thinking is restricted

to the polarities thus generated, so that she sees everything in (so to say) *bêtes-noires* and *blanches*. This makes her analyses crude and her advocacy on behalf of victims weaker than it should be.

Her model for explaining what torture is and why it happens is Western male sexuality ("Western" because she was once married to a Japanese, she tells us; she makes no mention of Japanese wartime torture, once a by-word for the practice). She describes "Western eroticism" as a system in which men turn women into vulnerable sexual victims, at the same time hating them for being such.

This doubtful picture is then used to analogise torture. Torture is "based on traditional ideas of domination: patriarchal order and masculinity". Its victims are female, either actually or symbolically. "Torture is hierarchy, a master-slave relationship. It exists to give pleasure to the perpetrator and to humiliate the victim."

No doubt this is sometimes true, but as analysis, it merely scratches the surface. For example, Millet does not consider that a person might torture to punish a terrorist outrage, or out of belief that something dangerous to society impends. Neither does she consider that one might find oneself focusing on problems to do with land ownership. It is "the year the prisons opened" - "the year when the old life comes to an end" - and, with majority rule approaching, the exiles are returning home and Vera and her friends can "indulge a little in the euphoria they knew couldn't last, but they were entitled to enjoy..."

Fiction/J.D.F Jones

A post-apartheid tale

Here's fortune! Nadine Gordimer, with a speed that beggars belief, has produced her novel of the New South Africa. The Nobel Prize-winner is of course a political writer, and her response to the extraordinary transformation that has overtaken South Africa has all the relevance, sympathy, the wisdom, that we could have hoped for.

None To Accompany Me marks, I believe, a welcome retreat from the apocalyptic, even strident, tone that has jeopardised some of her recent books, a return to the quiet authority of the middle period of *The Conservationist* and *Burger's Daughter*. Indeed, it is also a return to the liberal and multi-racial Johannesburg of the earliest novels and short stories of 30 years ago: today, almost unbelievably, the revolution has been achieved, the circle has been closed.

Vera Stark is a dedicated lawyer, working for a version of the real-life Legal Resources Centre, which helps black and disadvantaged people in trouble with what used to be apartheid and which these days finds itself focusing on problems to do with land ownership. It is "the year the prisons opened" - "the year when the old life comes to an end" - and, with majority rule approaching, the exiles are returning home and Vera and her friends can "indulge a little in the euphoria they knew couldn't last, but they were entitled to enjoy..."

Gordimer has always had a remarkable gift for conveying the reality of contemporary South African society, and at this most immediate level *None To Accompany Me* is fascinating. That society is experiencing a convulsion of change: the past is being undone before our eyes. Vera observes, approves, becomes involved, understands: "I can't live in the past," she tells her expatriate son. She understands that, no longer young nor even middle-aged, she must now go in search of her true self.

Her friends Didymus and Sibongile Magoma have returned from their long and dangerous political exile, having earned their heroes' welcome. But it is Sibongile whose political career blossoms; her husband is dumped ungratefully, and not because he had a brief involvement with the A.N.C. training camps to the north where torture was a scandal of the liberation struggle. The new black middle classes move into the glossy suburbs and restaurants of their white predecessors, the young leader (the unnamed Chris Han) is assassinated, there are terror attacks from the white Right, hit lists, rumours of corruption, casual - and fatal - violence, constant debate about the re-making of the

country - all this is the stuff of the novel, yet informed by Gordimer's concern for her characters and their humanity.

Perhaps the passing away of the old regime makes the abandonment of an old personal life also possible. "There is the theme of *None To Accompany Me*. Vera Stark remembers the friends and lovers of her younger years. She buries her father-in-law and leaves her husband. She acknowledges that her daughter is a lesbian. She welcomes her grandson. She makes a profound, non-sexual relationship with Zeph Rapulala, one of the new black businessmen. She is "working through dependencies". She sells her home and moves into the annexe of Zeph's house.

The symbolism is evident yet never too intrusive. Vera and Zeph are the alliance, the relationship, the friendship, that are to be the new South Africa. Vera - alone in her annexe, rather as black maids used to occupy a room behind the kitchen - has broken with the past and learned responsibility for the consequences of that younger life. She has earned and entered the solitary "Nightfall in Autumn" of Gordimer's epigraph. This is, to repeat, a political novel in the sense that the author writes about the world of strangers, of ideology, of conflict, but she populates and illustrates this world with men and women, black and white, old and young. Vera Stark is one of her most substantial creations.

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Novelists have long known it is the most compelling struggle of the 20th century is that between the human and artificial minds. Arthur C. Clarke fantasised brilliantly about it in 2001: *A Space Odyssey*, which was no less memorably transferred to the cinema by Stanley Kubrick. You will perhaps remember the scene of the furious astronaut unpluging all the circuits of HAL, the on-flight computer, after HAL became a bit too uppity, not to mention homicidal.

In what we laughably call the "real world" the homicidal battle between man and machine is conducted symbolically: over the 64 squares of the chess board. This is

Black and white and grey matter

Dominic Lawson looks at the inexorable advance of the electronic mind across the chess board

fitting. Chess is the oldest of war games, and has been around for about as long as the abacus, the computer's still-thriving precursor. However, chess is less fitting as an ultimate trial than many non-chess players imagine. It is true that chess is very difficult. Because its possibilities are virtually limitless - mathematicians describe the game as "non-trivial" - chess is a profound challenge to the scope of machines which feel most at home in the merely finite.

But it seems to me wrong to assume that chess is necessarily

the final frontier of human intelligence. For that we would have to construct a new game which would be a pure test of imagination, unlike chess, which for most grandmasters is as much a test of memory as it is of powers of original creative thought.

Nonetheless, there, on well-trodden ground, the challenge lies. In the late 1980s the recently retired Russian world chess champion, Mikhail Botvinnik, a computer scientist by trade, announced a wager of \$10,000 that by the end of the following decade the computer

would be able to beat any human at chess. His bet was taken by a British computer scientist, David Levy. In 1979 Levy, a strong player but no grandmaster, crushed the world's strongest chess computer program in a match of six games. It was fortunate for Botvinnik that the value of the dollar had been devastated by inflation in the intervening period. But he was still embarrassed.

It was only towards the end of the next decade that advances in computer science began to catch up with the human mind - which had,

after all, had a start of about 2,000 years of chess playing. In 1989, in a tournament in America, the Deep Thought chess computer, programmed at Pittsburgh's Carnegie Mellon University, defeated the leading Danish grandmaster, Bent Larsen. (It has to be said, however, that Larsen, though a great player, can lose to almost anyone - perhaps one should say anything - on one of his off days.)

A few weeks after Larsen's loss, I challenged Deep Thought to a half-hour game by telephone link. While I eventually lost on time, I had

been able to establish a winning position by the simplest of strategic means. I was not impressed. That particular Deep Thought program analysed positions at a rate of only 750,000 a second. I say "only" although, at the time, that was considered astonishing. But far more astonishing has been the development of computer capacity in this decade. And that has finally begun to shift the balance in the battle between man and machine.

Now, the Fritz 3 Pentium program is almost unbeatable at so called "speed chess" - the one-hour

games most popular with tournament sponsors. In a recent event, sponsored by the microchip manufacturer Intel, Fritz 3 tied for first with Kasparov, and beat the world champion in their individual game, before losing the play-off match.

In London next week Kasparov, along with the best of his fellow humans, rejoins the battle with Fritz 3 in another event sponsored by Intel. But what would it signify if Fritz came out on top in this tournament?

I would be inclined to recall the remark of Dr Max Euwe, a world chess champion in the 1930s and a mathematician who thought early about such matters.

"Even though the car has been invented," said Euwe, "man still gets great pleasure from walking." ■ Dominic Lawson is editor of *The Spectator*.

Private View

The oral culture of an Irish fast talker

Michael D. Higgins is Ireland's first minister of culture. He tells Christian Tyler what he is doing

Ireland's first-ever minister of culture is short, flamboyant and prickly. He walks with slow, stiff self-importance but talks so fast that he must be getting paid by the word.

Though a poet by inclination and an academic by profession, Michael D. Higgins (the D is for Daniel) has a reputation for making things happen. As Minister for Arts, Culture and the Irish language - "with responsibility for broadcasting, heritage and waterways", he added quickly - he has resurrected the Irish film industry. Twelve films were made last year and there could be even more this. Since his cabinet post was created in January 1993, a sprinkling of Oscar and Grammy awards, not to mention a Booker Prize, have added lustre to his halo.

An arts minister's job is easy to describe. He allocates subsidies and tax concessions. But what is a ministry of culture - that is, outside a totalitarian state?

When a company builds itself a gleaming skyscraper, they say it is time to mark down the shares. When Ireland, historically one of the world's leading exporters of culture, sets up a separately funded ministry should that be interpreted as a sign of vigour, or of competitive weakness?

Like most politicians, Michael Higgins regards questions as opportunities for a big speech. But, thinner-skinned than most, he treated my dissenting questions almost as a personal affront. When things were going his way, he was pinky, almost flirtatiously enthusiastic. When crossed he turned an angry, trembling white.

His central doctrine is something he calls The Cultural Space. "I aim to put works of imagination and creativity at the centre of things," he said.

"Culture used to be seen as peripheral, dependent on economic growth. I have challenged that and my thinking is beginning to prevail."

It is a fine-sounding phrase, I said, but what is a cultural

space? "I was just going to explain it to you. It has to do with a theory of culture that is democratic, participatory and inclusive. It is also one that views culture as energising and positive. It's quite the opposite of the theory of culture that is exclusive or elitist or residual or concessionary."

My heart sank. Higgins continued: "There is no need to say that because a person has lost a job that they have lost their rights of cultural participation as well. If you allow the cultural space to collapse you will get racism, anti-immigrant feeling, alienation and so forth."

"This space is full of intellectual products based on imagination that could re-energise the economic space."

I detected a gap and jumped for it. Is this a complicated way of saying that people will not be working in steel mills, farms or coal mines any longer but in tourism or television?

"There's more to it than that."

At this point an aide appeared to say that a radio interviewer was on the telephone. The minister apologised, got up from the sofa and went to his desk where, for 10 minutes or more, he poured a stream of words down the line. In spite of the interruption, I felt sorry for the interviewer.

When Higgins returned I asked him if he was really another minister for employment, but specialising in the leisure industries. He talked about European unemployment and "a lack of originality in intellectual structures - clipped-out thinking".

We were coming down to earth. Better still, Higgins - who is after all, a member of a left-wing government - began to drop clues about his political feelings.

"People have wanted these things in little boxes. There is a view of society that when economies go well shouldn't we go to the theatre once a year? And people from a particular section of the social classes dressed up, they had a little



Michael Higgins, Irish culture minister, sitting on the banks of the Grand Canal, south Dublin. The sculpture is of Patrick Kavanagh, the Irish poet, who wrote on that same spot.

outing and they encountered culture, and went home."

Do you come from the cultured classes yourself?

"No. I come from a very poor family. My father died in a poor house. But I would argue for my father's culture in terms of his generosity of spirit in being part of the Irish war of independence, his solidarity, the things that he suffered. My mother, while poor, always had an interest in reading. The house was full of books, and we had nothing else."

'Narrow thinking and bureaucracy are stopping us doing wonderful things'

Higgins was born in Limerick, in the west of Ireland, and at times one may catch a Gaelic intonation (he both speaks and writes Irish) in the high, sibilant voice. He was brought up in County Clare by an aunt and uncle when his father fell ill. An academic career which has spanned English literature, sociology, political science and economics took him from Galway, to Indiana, to Manchester and Illinois. Higgins likes to remind his hearer that he knows a few things.

I returned to the fray. Is this really an economic department with modern art on the walls? "It is a department of culture. It is a department that contributes innovatively to the

restoring canals and protecting wrecks. He wants to set up an all-Ireland television channel for Gaelic-speakers and a European satellite channel to show native Euro-programmes.

You may be able to create jobs by means of tax incentives, I said, but what else can a minister of culture do?

Higgins yelped. "I think that's a pathetic view of a minister of culture."

How can you minister for culture? It's a contradiction in terms.

"Well, that is only a middle-class riddle. Now I agree that what I am doing is controversial. I am not saying for example that everyone is a Picasso. But I am saying that everyone

has creativity, that is socially negotiated and if I define..."

What on earth does socially negotiated mean?

"Yes. I can put it simply. If I lift my hand am I threatening you or giving you a gesture of affection? You rely on the symbol that is involved. We exchange symbols."

But what a pathetic collapse it was to suggest that only people who had come from a certain school background, standing in front of a picture, had access to the appropriate symbols to make a literary comment... That kind of nonsense was anti-democratic, destroyed general culture and if you read Raymond Williams (the literary critic) you will see that it excluded, even in Britain, the wonderful storytelling tradition and what-

ever.

The minister was working himself into a rhetorical rage. But his mention of storytelling was an opening. There is a caricature of the Irishman, I said, and it is probably an Irish invention - which sees every man in a pub as an Oscar Wilde in waiting. All you have to do is write down what he's saying and you have literature. Was this what he meant by developing the cultural space?

If so, it sounded Utopian.

Higgins's exasperation was not feigned now. "To whom does it sound Utopian? We can't have the conversation if you ask questions to which you've already given answers."

Utopian to whom? You make statements in the question that you put.

"Let me put it the other way to you. Do you want to continue with traditional economic views, and just every now and again throw up your hands quasi-politely and say 'Isn't it a pity about unemployment? Or are you going to say 'maybe it is the economic model that has defects?'"

Higgins refuses to accept that Ireland - or Europe - must eventually lose the media market battle to US television and film makers. But he is not a cultural protectionist, he insists. He will retaliate by encouraging Irish talent to put rival "product" into the market. In the same spirit, he sees

it as a proper government function to try and save the Irish language against vastly superior market forces - in this case English.

"The market is an instrument that can be used for policy purposes, but the market becomes an ideology. We do not live by the market alone."

"What I'm saying is you take the different components of the society, including the cultural space and you draw from that and make it rich, so that when you come to the marketplace you're neither frightened by it, nor are you disabled from using it as a tool."

"What is really important is the quality of the total space. That's the area I will go into when I finish." It sounded like

some post-modernist version of Paradise.

If you lost office would you become a consultant?

"No, I'd probably go back to writing. I miss writing very, very much."

You're not a businessman, are you?

"No, though I know how to do it. I see so many missed opportunities, I believe it is only narrow thinking and bureaucracy that is stopping us doing wonderful things."

The minister was restored to good humour. As I left the Ministry of Culture, past a post-and-bone sculpture hanging on the lobby wall, I thought: if economic miracles could be talked into being, Michael D. Higgins would be your man.

Manifesto for the party party

Michael Thompson-Noel



In what is bound to prove a lucrative deal for one of my companies. Party Animals plc. I signed up this week to handle image projection and media manipulation on behalf of Tony Blair, the young and vibrantly dynamic leader of Britain's Labour Party.

You don't like vibrantly dynamic? Then tune out, vamoose, because at Party Animals that is how we talk, hiply and tautologically, knowing, as we do, that while all our clients are hip, some are also brain-dead and need all the help they can get, though not Tony Blair. I swiftly hasten to add:

What does Party Animals do? Well, one of the things it does, obviously, is organise parties. In recent months I and my assistants - Mark, Winston, Mariella and Kinkyboo - have organised parties for Madonna, George Michael, Ben Elton, Charles Saatchi, Maurice Saatchi, Samantha Goggins,

Olivia Jackson-Pugh, Princess Margaret, Eddie George, Michael Portillo and Giles Barlett-Zann-Pasternak.

I have become London's most sought-after party planner. I also organise previews, premieres, exhibitions and club openings - any high-profile, media-friendly event that creates by association a trendy image for a product or a person at a fraction of the sum it costs to use a slick advertising agency.

As I told the Labour Party bigwigs when summoned to a meeting at Walworth Road this week: "Ad agencies start by asking how big the client's budget is, whereas I start from the other end by telling them how big my fee is, and grossing things up from there."

"My average party deal gives me a profit of £13,000. Madonna was far bigger, as was Princess Margaret, whereas Eddie George - sherry and a cheese dip for the relics of the banking press - yielded only £300. But my parties for Tony would

probably hit the average: £13,000 for me, which means £20,000 to you. Between now and the general election I will organise 30 parties for Tony at a cost to you of £800,000, an unbelievably microscopically invisible-to-the-naked-eye sum when expressed as a fraction of

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the mainstream advertising budget I believe you were contemplating."

I glanced at my assistants. Mark, Winston, Mariella and Kinkyboo stroked the frames of their Benetton sunglasses, tapped their Häagen-Dazs ice-cream spoons on the rims of their Häagen-Dazs ice-cream tubs, drummed their Gucci loafers, flicked back their Tony & Guy hair, flashed their

Swatch-swathed wrists, straightened their Comme des Garçons jackets, waved their Dunhill pens - and smiled their youthful, lauded, laid-back smiles to signal approval of the course I was plotting.

"Why parties?" asked one of the drabbles on the other side of the table. (Labour's election committee is comprised entirely of smart-alecs and drabbles.)

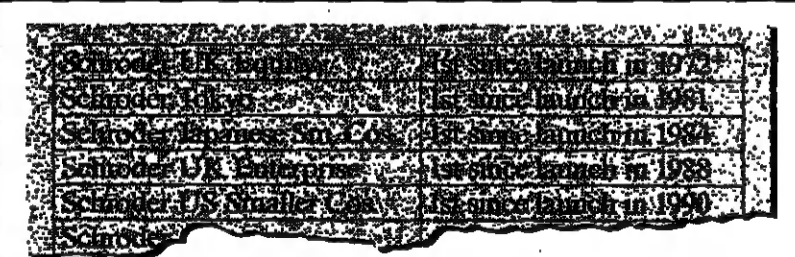
"Well," I said. "The voters have a good idea of where Tony is coming from. Durham childhood, Scottish schooling, played in a band at Oxford called Ugly Rumours, never did drugs, hardly even drank, became a Christian and a socialist, joined Labour, qualified as a barrister, ear-marked as a certain Labour leader very early on, spearheads the modernisers, into partnership, social justice, cohesion and community, charming, fluent and telegraphic."

"Good. Extremely good. Very good poll vibes. Whichever way you slice the Häagen-Dazs,

Tony comes out well. But I've been looking at the demographics, and there is one little chunk of worrying concern talking to me loud and clear. Blairism scores mega-ratings with the 18-25's, the 36-39's, the 40-49's, the 55-59's and the over-79's. See what I mean? There is a little chunk of worrying concern among the 47-55's, the age group that derived its life-values from the mores of the 1960s - air-heads, most of them, but significant as a voting bloc.

"What the demographics tell me is that Tony skates home against Major with all but the 47-55's. They recoil from his straightness and clappy-happy evangelism. So with the 47-55's I nurse this little chunk of worrying concern. What do the 47-55's like most? They like parties. So we'll platform Tony at 30 parties at a cost to you of £800,000, an unbelievably microscopically..."

At that moment, Tony walked in. He was wearing jeans, T-shirt, Swatch and beads. "Hi, guys," he said, smiling pleasantly. "Are we ready to boogie?" I knew that my fee was in the bag.



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Handwritten signature: Tony Blair